BEST AVAILABLE COPY

PUBLIC RELATIONS JOURNAL

A8770-1
11/81

A100029 A62152 Z
JEANNE LUNG
SRI ACQUISITIONS EDITOR
CONGRESSIONAL INFORMATION SERVICE
7101 WISCONSIN AVENUE
WASHINGTON DC 20014

Corporate Advertising: What It Is and How It Works

PUBLIC RELATIONS JOURNAL

November 1981
Vol. 37 No. 11

Serving public relations practitioners and educators and their managements

Editor
Leo J. Northart

Managing Editor
Peg Dardenne

Assistant Editor
Janet Dyer

Graphics Director
Susan Yip

Typographer
Marlene Alam

Subscriptions
Jacqueline Gonsalves
212-826-1768

Advertising Sales
Harry R. Jeter, Director
845 Third Ave.
New York, NY 10022
212-826-1766

Joseph H. McGroarty
212-826-1750, ext. 39

Lisa Brown, Classified
212-826-1757

FEATURES

14
Corporate Advertising Casebook — **William S. Sachs**
State of the art: ends, means and problems

18
The Role of Survey Research — **John Crothers Pollock**
It can help you avoid corporate ad pitfalls

22
Battling Antibusiness Bias — **S. Prakash Sethi**
An update on the conflict with the networks

29
Is Issue Advertising Working? — **Ward Welty**
A recent survey raises pregnant questions

30
Cost of Corporate Advertising — **Peg Dardenne**
PRJ's 10th annual survey of expenditures

44
Keeper of the Mark — **Elinor Selame**
The practitioner's role in corporate ID

48
When You Have To Do It Yourself — **Robert D. French**
How to preside over a company identity change

52
Crisis Public Relations — **Michael Cooper**
What practitioners and the media have to say

58
Media: The CEO's Bogeyman — **Carlton E. Spitzer**
It's time to cut the nonsense and cooperate

Also in this issue

Public Relations at Large	Don Bates	2
Washington Focus	Wes Pedersen	2
Public Relations Law	Frank Walsh	4
Audiovisual	Dick Hubert	4
Applied Research	James A. Files	6
Letters		8
Editor's Notebook		10
People		68
Professional Services		65
Classified Advertising		66

Photo and art credits: *Front cover photo, Curtis Ryan Lew; page 59, Richard Kluga.*

Published monthly, except semi-monthly in July. Copyright 1981 by the **Public Relations Society of America, Inc.**, 845 Third Ave., New York, NY 10022. **James A. Little**, APR, president; **Joseph F. Awad**, APR, president-elect; **Judith S. Bogart**, APR, secretary; **Stephen H. Baer**, APR, treasurer; **Elizabeth Ann Kovacs**, CAE, executive vice president. Of the amount of dues paid by members of the Society, $12.00 is for a year's subscription to the **Public Relations Journal**. The second issue in July is the **Directory Issue**. Second-class postage paid at New York, NY and at additional mailing offices under the Act of March 3, 1879. Non-member domestic subscription rates: $24.00 a year; $46.00 for two years; $67.00 for three years. Foreign rates: $26.00 a year; $50.00 for two years; $73.00 for three years. Single copies $3.00 each. Printed in U.S.A. **Editorial offices:** 845 Third Ave., New York, NY 10022 (212) 826-1757. ISSN: 0033-3670

Corporate Advertising: Ends, Means, Problems

William S. Sachs

This article presents highlights of the latest in a continuing series of studies of corporate advertising, sponsored by *National Geographic Magazine*.

The 1981 survey respondents were advertising executives in leading U.S. corporations, including the largest 500 manufacturing companies, as ranked by sales, and the top 250 firms in service industries (commercial banks, life insurance and financial companies, utilities, and transportation companies). Tabulations were based upon a 46 percent rate of usable mailed returns.

Though each study in the series, begun in 1976, has different material, depending upon current issues, the current survey also deals with aspects common to all of the surveys, which provides continuity and coherence.

Table 1. Objective Of Last Corporate Campaign

	Percent of corporate advertisers	
	Most Important	Secondary
To improve or maintain company reputation and good will	30%	35%
To provide overall marketing support for goods and/or services	19%	33%
To enhance the business interests or profitability of the company	16%	36%
To provide information on the company economic performance (resource allocation, growth, profits)	18%	15%
To advocate specific action, or counter the advocacy of others, on issues important to the company	8%	10%
To provide information on the company's actions on social and environmental issues	4%	14%
Others	5%	4%

Consumer advertising, as in the past, continues to be determined by the nature of products and markets. For example, between 1976 and 1980, consumer goods manufacturers, at 41 percent, had the lowest incidence of corporate advertising, while 66 percent of marketers of predominantly industrial goods ran corporate advertising and 65 percent of service industries used this communication approach.

This breakdown does not tell the whole story. A closer look at the returns indicates a clearly defined separation with the consumer goods field. The bulk of corporate advertising in that sector came from firms making high-priced durables, such as automobiles, appliances, recreation goods. Manufacturers of packaged goods and convenience products used hardly any corporate advertising.

Because product quality is of great importance to the durable-goods consumer, company reputation and good will become highly prized marketing objectives. Who has not been seduced into choosing a product because of its maker's reputation for fine quality, fair dealing, superior service?

Manufacturers of consumer durables find themselves in a situation in many ways parallel to that of industrial goods marketers. In both instances customers associate the product itself with policies of its producer. Trial and error can be expensive. Products come bundled with services, which form an important component of sales. Product groups favor corporate marketing programs and see centralized advertising effort as a direct benefit to them.

Mr. Sachs is professor of marketing, College of Business Administration, St. John's University, New York, New York.

Size of firm

Another determinant of corporate advertising, in addition to product, is size of the company. A group of 500 manufacturers was divided in half according to sales volume. Among the top 250, 67 percent ran some corporate advertising between 1976 and 1980, compared to 48 percent of the next layer. The lower half contained a larger proportion of industrial goods manufacturers. If the advertising percentages for the two groups of companies—upper half and lower half—were adjusted for major product line, the difference would be even greater than the tabulations show.

Since corporate advertising does not feature products, it can be viewed in two ways. First, it is a revenue producer but works indirectly. Second, it is a business cost because its results cannot be measured.

Either way, the larger companies are more likely to run corporate advertising. It may well be a plus in getting sales. But incremental inputs, budgeted for after essentials are taken care of, are more readily funded in bigger companies. If corporate advertising is regarded as a cost, the larger firm can spread this overhead over a wider sales base.

The larger companies also run corporate campaigns with more continuity. Frequency estimates for the past five years reveal that almost 75 percent of the largest companies that ran corporate advertising from 1976 to 1980 did so every year. Among the bottom 250 concerns, advertising was an on-again, off-again proposition reflecting budget variations. The advertising frequency of the entire service sector was about equal to that of the median manufacturing firm.

Objectives of corporate advertising

Because advertising campaigns usually have more than one objective, executives were asked to grade them as "most important" and "secondary." (Nevertheless, a certain degree of subjectivity and vagueness exists.) Table 1 gives the objectives of the last corporate campaign, as specified by the executive in charge.

Clearly, corporate advertising objectives are directly linked with commercial transactions. Building a sound reputation and maintaining customer good will, providing overall marketing support, and enhancing business profitability are all concerned with revenue generation; and dominate 65 percent of corporate advertising campaigns. Corporate advertising differs from product advertising only in the means employed.

Table 2. Rating Editorial Content

	Percent who think magazine is:				
	Educational	Objective	Prestigious	High Quality	Interesting
General Magazines					
National Geographic	78%	41%	64%	75%	63%
Reader's Digest	40%	14%	16%	15%	57%
Newsweeklies					
Newsweek	49%	31%	15%	21%	70%
Sports Illustrated	12%	12%	10%	20%	70%
Time	48%	21%	29%	29%	76%
U.S. News & World Report	53%	47%	22%	25%	57%
Business Magazines					
Business Week	49%	56%	41%	51%	62%
Forbes	43%	25%	44%	43%	62%
Fortune	52%	39%	71%	60%	55%

but not in ends. Both are meant to accomplish marketing tasks.

Only a relatively small percentage of corporate campaigns had public issues as their main thrust, let alone controversial ones. The few that displayed messages about the environment did so mainly to boost employee morale and personnel recruitment. A company concerned with its environment is also one for which people like to work. On the whole, corporate officialdom sees its paid messages in mass media as devices for economic activity, and not as instruments for political or social change.

Target audiences

The commercial goals of corporate advertising are the chief determinants of target audiences. According to respondents, the last advertising campaigns were targeted primarily at the business community (56 percent of advertisers). The financial community (46 percent), specific segments of the public (29 percent) and public at large (24 percent) followed in order. Stockholders (18 percent), government (17 percent), and employees and plant communities (13 percent) lagged far behind. Total percentage of more than 100 reflects the fact that corporations normally face, and seek, many publics.

Media selection

Corporate advertising is print-oriented. The most frequently used media for the last campaigns were business publications (72 percent), newspapers (49 percent), and consumer magazines (42 percent). These media lend themselves to advertising with informational content and rational appeals. However, the particular vehicles used must fit the individual target of an advertiser, and in most instances yield a selective audience at a competitive cost.

Most corporate advertisers are multiple-media users; only 29 percent confine their messages to a single medium. The highest incidence of single-medium use (33 percent) occurs among industrial advertisers, who seek narrower, more homogeneous audiences. For this reason, business publications are least likely to be combined with other media types.

Television, which had an aggregate usage for spot TV (17 percent) and network (16 percent) of 33 percent, is most likely to be combined, however. Its broadly based audiences may provide coverage for advertisers going after more varied publics. But selectivity is the key factor in corporate advertising, and seldom can television alone build adequate frequency with selective audiences at an affordable cost.

How much does editorial quality count in media selection? Executives were asked to rate publications on editorial attributes thought to be important in providing corporate advertising with a proper environment or context.

"The commercial goals . . . are the chief determinants of target audiences."

The magazines so rated [*see Table 2*] are the leading carriers of corporate ads.

There is no observable relationship between the volume of corporate advertising and rating levels of editorial content. Of course, a magazine may be highly thought of yet not used because it does not fit an advertising objective.

To gain insights into these areas, ratings were analyzed with respect to media selection factors. Scores were cross-tabulated with such factors as major product line, size of company, advertising objectives, major audience targets sought, and so on. Little or no evidence of co-variation was discerned.

This negative conclusion may have been a result of faulty methodology. The editorial characteristics were linked with broad media types and not with the actual magazines selected. For example, a schedule of business publications may not include *Business Week*. Under such conditions, a disparity between editorial ratings and media selection does not mean a lack of correspondence between the two, and advertising agency claims of matching advertising with editorial content may well hold.

However, the following scenario is just as likely. An analyst selects alternative media vehicles on the basis of demographics and their respective costs per thousand. The recommendation is then embellished with a discussion of the editorial qualities for the media vehicles chosen. Here, editorial content acts as a constraint. Only magazines with compatible formats are considered as alternatives, but editorial qualities have no weight whatsoever in the selection of individual vehicles.

Effects of inflation

Inflation affects corporate advertising relatively and indirectly. Inflation is

Table 3. Major Problems

	Percent of corporate advertisers	
	1981	1977
Creativity	27%	24%
Measure of effectiveness	25%	26%
Budget appropriations	13%	8%
Environmental restrictions or hostility	13%	7%
Setting objectives	12%	14%
Media selection	10%	6%
Internal organization	6%	5%
No comment	36%	31%

relative insofar as changes in advertising prices must be related to the general price level. If media costs rise more slowly than the inflation rate the advertiser may derive an advantage.

The impact is indirect when inflation concerns costs other than those of advertising. If a concern is squeezed by sluggish prices and rising costs, there may be less money available for corporate advertising, especially if it is seen as a fringe benefit.

The number of corporate campaigns does not appear to have been curtailed by inflation. Some 86 percent of companies that used corporate advertising from 1976 to 1980 ran campaigns in 1981. This figure does not exceed the normal annual turnover. However, a rather sizable proportion of corporate advertisers claimed they had made major changes in 1981 because of inflation.

About 24 percent of those that used corporate advertising in 1981 said inflation caused major changes in their plans. The changes cited most often (both 39 percent) were reduction in message frequency and a change to less expensive media. A shift from one medium to another, ostensibly to maintain frequency, was next in importance (37 percent). Roughly 20 percent of corporate advertisers said that they remained within the broad media type, but bought cheaper evehicles to carry their messages.

Problem areas

Executives were asked what they considered the major problems confronting corporate advertising. The identical question was asked and reported in the November 1977 *Public Relations Journal*.

Table 3 compares answers now and then: The more things change, the more they remain the same. As the table shows, two prime issues in 1977 were the same in 1981—creativity and measurement of effectiveness.

Creativity is a vague concept, and the lack of it is bemoaned everywhere. Still, the problem is especially acute for corporate advertising. As long as it cannot match product advertising dollar for dollar, it cannot hope to attract the top-notch talent.

Market research is no closer to measuring the end result of corporate advertising now than it was in 1977—or in 1957 for that matter. But advertising executives hardly expect that. Some 54 percent said campaign results were monitored by "tracking studies."

And herein lies the rub. Market researchers are not agreed on what should be tracked or on methods of tracking, what is essentially a state of mind. From this standpoint, the disenchantment with research is genuine and legitimate.

Two other concerns rose substantially since 1977—budgets and environmental restrictions. Budget issues are linked with inflation, which creates financial strains. From all evidence, companies are coping with this issue.

The question of the environment is another matter. Has it really become more hostile since 1977? Actually, no. The six percentage point difference between 1977 and 1981 was owing entirely to complaints about the Fairness Doctrine in broadcasting. In 1977 hardly anyone mentioned it, though it was in effect. With a conservative swing throughout the country, the Fairness Doctrine is now seen as onerous. It is thus the perception of the environment that has changed for the worse, even while the actual environment has become more favorable to corporate advertising. ■

It's people who make a great PR firm.

For Trade and Professional Associations it's people like...

William Pearsall.

Victoria Meadows.

Hal Hart.

MSL

We have the great people.

Manning, Selvage & Lee

The Cost Of Corporate Advertising

Peg Dardenne

The multifaceted communications medium of corporate advertising is going strong, according to several indicators, including the *Journal*'s 10th annual survey of corporate advertising expenditures. *Journal* figures for 1980 show that total expenditures in the six media studied increased 9 percent over 1979, continuing an upward trend unbroken since 1976. *(Tables begin on page 38.)*

And the Association of National Advertisers, Inc., estimates that $1 billion will be spent on corporate advertising in 1981, with the real growth rate, discounting inflation, between 5 percent and 6 percent annually.

This and other findings were revealed by ANA's 1981 survey of "Company Practices in the Use of Corporate Advertising," the fourth in a biennial series begun in 1975. Findings were released last month at ANA's Workshop on Corporate Communications and Advertising.

Of the 362 major U.S. corporations that responded to the survey, 203 ran corporate advertising during the period 1977-1981. These 203 companies collectively spend close to $675 million annually for corporate advertising, nearly 70 percent of the U.S. total for this type of advertising. Discounting inflation, 52 percent of respondents reported corporate ad budget increases over the past three years, 32 percent had virtually no change, and 16 percent reported decreases. Most of the budget gains, according to ANA, occurred among intermediate spenders ($1 million-$6 million annually).

Thirteen percent of respondents said they spend more than $6 million annually on corporate advertising, about the same percentage as in previous ANA surveys. Of that segment, 65 percent reported spending more than $10 million annually. The *Journal*'s survey of the top 10 companies in terms of corporate advertising expenditures shows six-media totals ranging from $6.9 million to $30.9 million *(Table 3, page 39)*.

ANA says the primary objective of most respondents (44 percent) using corporate advertising continues to be to strengthen corporate identity by building better awareness of the company. But corporate advertising as a marketing umbrella was the objective that registered the strongest growth. Twenty-five percent of those surveyed chose this approach, a 25 percent increase over ANA's 1979 survey. The umbrella approach is increasingly attractive, according to ANA, because of broadening product lines and diversification, because marketers of technology and capabilities find the company itself is the best "product" to sell, and because it is more economical to conduct one campaign for the company than to advertise its hundreds, or thousands, of products.

The issue, or advocacy, objective for corporate advertising, on the other hand, seems to be leveling off. Only 19 percent of respondents, or 38 companies, named discussion of issues as primary objective. And ANA predicts that this number will not increase in the future, pointing to the fact that most issue advertisers are in industries that have come under heavy public criticism (petroleum, basic materials).

Moreover, the survey shows that only four of the 17 companies spending more than $10 million on corporate advertising reported issue objectives. And although 25 percent of the 63 companies spending less than $1 million annually reported issue objectives, most of these campaigns were aimed at target audiences other than the general public (e.g., other businesses, financial community). [*See also, "Corporate Advertising: Ends, Means, and Problems," page 14.*]

Most-used media for corporate ads, in order of responses, are specialized newspapers, general business magazines, consumer magazines and trade journals.

Issue ad users surveyed

A recent *Gallagher Report* survey on issue/advocacy advertising practices shows that those that use or accept such ads expect expenditures to increase. The study was based on 216 responses from advertisers, advertising agencies and the media.

Of the advertisers (52 percent consumer, 32 percent industrial, 27 percent services—respondents chose more than one answer), 78 percent said they do not allocate a portion of their ad budgets for issue advertising. Of that percentage, 96.4 percent do not contemplate developing an issue ad campaign within the next 12 months. Twenty-two percent do allocate funds for issue advertising, and the majority of that group (77.8 percent) expect expenditures to increase over the next five years.

The top two issue-campaign objectives selected by marketers are to clear up consumer misconceptions about the company/industry due to unfavorable media coverage (55.7 percent), and to inform the public of developments within the company/industry that may affect public policy (42.9 percent).

According to the survey, most-used media by advertisers for issue messages are, in order, newspapers, business publications, consumer magazines, television, cable TV, radio, outdoor and direct mail.

Of the advertisers that currently have issue campaigns, 75 percent rated the campaign fairly effective, and 25 percent, very effective. Only 50 percent reported having a formal program to measure effectiveness of their issue campaigns, mostly by independent research firm tracking studies (77.8 percent) and focus group research (66.7 percent). Of the 50 percent that have no formal measurement method, 100 percent said the amount of image ad expenditures does not justify research, and 14.3 percent said research is too costly (respondents chose more than one answer).

Although most respondents that use issue advertising expect expenditures to increase in the next five years, it is interesting that half of these companies have no way of determining if their campaigns are on target. Thomas Garbett, senior vice president and management supervisor at Doyle Dane Bernbach, maintains that researching the effectiveness of a corporate advertising program is not as difficult, or expensive, as some might think. In his book, "Corporate Advertising: The What, The Why and The How," Mr. Garbett suggests combinations, depending on the situation, of five types of research: environmental studies; diagnostic studies of the corporation's strengths and weaknesses; copy and ad development research; bench-mark studies; and follow-up studies (tracking).

Bethlehem Steel is one company that has used research to target both the message and the audience of its issue advertising. Bethlehem surveyed the readers of major upscale magazines to determine their views on four issues the company planned to address. Armed with this information, Bethlehem created ads designed to persuade the segment of the target audience that did not agree with its position, or to reinforce those inclined to agree.

Bethlehem used the same survey results to determine the cost-per-thousand attitudes for some 15 publications. According to the company, that information and the advertising rates for each publication enabled it to cost efficiently target its message to the right audience.

Media practices

Media responses to the Gallagher survey came from the following categories: TV stations, 37.1 percent; radio stations, 21 percent; newspapers, 17.7 percent; consumer magazines, 14.5 percent; business publications, 11.3 percent; cable TV stations, 3.2 percent; outdoor/transit franchises, 1.6 percent.

Issue advertising is accepted by 74.2 percent of media respondents. Of this group, 89.1 percent expect an increase over the next five years. Some 26 percent of respondents do not accept issue advertising, but 25 percent of this segment plan to accept it in the near future. Reasons given, ranked by responses, for refusing issue ads: news department sufficiently covers both sides of a given issue; problem of who qualifies for free time; problem of determining reasonable spokesmen for opposing views; lack of credibility of issue ads; problem of finding, pricing ad time/space for dissenting opinions.

News media standards for accepting issue advertising vary widely. The *Washington Post*, published in a city that is a hotbed of special interest groups clamoring to be heard, welcomes such advertising. The *Post*'s sales manager for corporate and financial advertising, Charles Hollingsworth, discussed that paper's acceptance procedure in the July 6, 1981 issue of *Advertising Age*.

Ads are submitted to an advertising acceptance committee composed of members of the advertising department, and legal counsel. The committee weighs an ad against three general standards:

Is it libelous or otherwise illegal? (The advertiser and advertising agency must assume liability for ad content, and for any claims that arise. Mr. Hollingsworth said the *Post* allows great leeway for rhetoric but reserves the right to request substantiation of facts or a change in copy).

Does it contain false assertions of fact? (The *Post* admits this is frequently a gray area and responsibility for judgments rests with the advertising acceptance committee).

Does it meet acceptable levels of taste? (The *Post* imposes some standards of taste, but Mr. Hollingsworth said the paper makes every effort to allow advertisers to deliver their message in the way they want to deliver it.)

Countering media criticism

Issue advertising is used by companies to achieve a number of objectives, whether to take a stand on broad news-oriented issues, or to address the concerns of the company, its employees or plant community. Although statistics show that the highly controversial type of issue ad has a low degree of believability and really doesn't change anyone's mind, corporations continue to use it because they believe they have a right to put their views before the public. And although they can't hope to make converts, companies do know that issue ads can make stauncher allies. This technique is also employed to rebut what the company perceives as unfair or inaccurate coverage by the news media.

Newspapers, of course, are a popular and accessible vehicle for this last objective. Mobil Corp. and Kaiser Aluminum & Chemical are well known for airing their grievances against the broadcast media in splashy issue ad campaigns in the major dailies.

Independent television stations and network affiliates carry quite a bit of issue programing and ads. Special interest groups, as well as corporations, often use TV to advance their positions. The controversy surrounding issue ads on TV, by virtue of its power, is whether these messages are propaganda that lowers journalistic standards of fair and balanced reporting, or whether they are an exercise in free speech that encourages discussion of a variety of viewpoints.

The three TV networks continue to be firmly opposed to carrying issue advertising. They cite as their major reason hassles created by the Federal Communications Commission's Fairness Doctrine, which requires broadcast stations to provide free reply time to organizations with opposing viewpoints.

The Fairness Doctrine is applied mostly to the networks, however, and issue ads (sometimes cast as public service or public affairs programing) are readily accepted by local stations.

And recent developments have shown the networks backing off slightly from their hard-line stance. Kaiser Aluminum & Chemical fought—and won—when the networks refused to sell the company time for three advocacy commercials, on the grounds that they were too controversial. Kaiser responded by placing ads on its right to network access in major newspapers. Last year

ABC and NBC agreed to accept Kaiser's issue advertising program.

Kaiser copped another victory when, in an unprecedented move, ABC agreed to Kaiser's demand for time to respond to charges made by ABC-TV's "20/20" that the company had intentionally marketed an unsafe product. The Kaiser segment aired in July on ABC's new prime-time program, "Viewpoint," which examines issues affecting broadcast journalism generally and also provides a forum for complaints about accuracy or fairness.

In another unusual move, ABC recently started to accept one-minute issue advertisements for late-night airing, after its "Nightline" news program.

Most companies do not go to the mat, as Kaiser did, when they feel they've been maligned by the TV press, but there are several ways in which they respond. In addition to advertising, a relatively new approach is to simultaneously videotape a TV interview.

The January 12, 1981 issue of *Industry Week* reported how Illinois Power used videotapes to counter a seriously damaging segment on the company by CBS-TV's "60 Minutes." The program charged that Illinois Power was plagued by mismanagement and cost overruns, yet had requested a rate hike.

In-house technicians had videotaped everything the CBS crew did during the session at Illinois Power, including the 90-minute interview with the president (of which "60 Minutes" showed only three minutes). Feeling that releases to the newspapers were ineffectual, the company produced a rebuttal tape, and added testimony it had used in hearings on its rate increase.

The tape was shown to employees and their families, and later to area media, New York security analysts, and the general public. Although the company decided not to publicize its gripe with CBS further, it received many requests for copies of the tape from companies, associations and other organizations.

Hooker Chemical Corp. also used this technique successfully. It, too, took the precaution of simultaneously videotaping a "60 Minutes" segment on the company. Angered by the version that aired, Hooker made a rebuttal tape for showing to employees, plant communities, customers, legislators, and the industry.

The same issue of *Industry Week* described another approach: the Association of American Railroads' response to what it called a biased "20/20" segment on rail transport of hazardous materials. AAR chose not to advertise in the mass-circulation dailies, but in journalism trade magazines. The association's public affairs vice president, Lawrence Kauffman, told *Industry Week* that AAR wanted to ". . . talk about ABC-TV's professionalism to an audience of its peers."

Cable—threat to the networks?

In a novel move, Ted Bates & Company recently sold its clients on moving five percent of their network prime-time ad budgets to Ted Turner's Atlanta-based WTBS, which is geared to a national audience. Bates's new strategy was reported in Philip H. Dougherty's advertising column in *The New York Times* [*Sept. 21, 1981*]. Mr. Dougherty quoted Walter E. Reichel, the ad agency's senior vice president and executive director of media programing, on the development: "I think it's the first time since the networks were founded in the 1950s that an agency has called for a cutback of network budgets to compensate for growing deficiencies in network delivery."

Last year companies increased their total corporate ad expenditures by 9 percent over 1979

This may well be the start of a trend that will carry over to corporate advertising. Cable has already been used, albeit lightly, to carry corporate advertising messages. Exxon, for example, started using cable for its corporate advertising last year. It now advertises on five cable networks and plans to add CBS cable soon. According to the *Times*'s Dougherty, writing in his October 7, 1981 column, Exxon will spend three to five percent of its budget on cable, the same percentage the networks are losing to cable.

W.R. Grace & Co. has also joined this select group. Last July it used cable TV for an issue ad supporting the Reagan Administration's tax-cut proposals. The 60-second spot on Cable News Network was part of Grace's tax legislation campaign in print, radio and TV. A Grace spokesman pointed out that although issue advertising is usually confined to newspapers and magazines, TV, in this instance, was chosen for expediency: "We had to act quickly. The immediacy and impact of television, we felt, was right for this issue."

Tenth annual *Journal* survey

Companies and associations both increased 1980 corporate advertising expenditures over 1979, by 9 percent and 6 percent respectively [*Table 1*]. Last year companies substantially stepped up spending in two media, spot TV (25 percent) and radio (30 percent). Radio also received a hefty increase from associations (114 percent), and network TV got 48 percent more association dollars in 1980.

Associations did not cut back significantly in any one media, but companies spent 30 percent less in 1980 in Sunday (supplement) magazines, after a 57.4 percent increase in 1979.

Company outlays for radio jumped 370.7 percent in 1979, and last year continued to grow by a respectable 30 percent. Company spending in spot TV, down since 1976, was up in 1980 by 25 percent.

Association expenditures on network TV, down in 1978 and 1979, rose 47.6 percent in 1980. Association outlays for spot TV decreased last year (10 percent) for the first time since 1975.

Consumer magazines, including such business publications as *Business Week*, *Fortune*, *Forbes* and *Dun's Review*, have registered steady increases from companies for the past five years and from associations for the past six years. In addition, company expenditures in network TV have risen every year since 1976, although not substantially.

January-June 1981 figures show essentially the same spending patterns as 1980 for both companies and associations [*Table 2*].

These figures were revealed by the *Journal*'s 10th annual survey of corporate advertising expenditures. Data, compiled exclusively for the *Journal* by Leading National Advertisers (New York), are collected from Publishers Information Bureau (magazines and supplements), Broadcast Advertising Reports, and the Institute of Outdoor Advertising. Outdoor expenditures represent national poster and paint advertising in plant operator markets of over 100,000 population. Spot TV expenditures are determined by monitoring 260 stations in 75 top markets.

Since figures are for one-time rates and do not take discounts into consideration they are higher than actual expenditures. It must also be consid-

ered that it is often difficult to determine accurately which advertisements are corporate.

Top ten advertisers

Six-media totals for the top 10 company corporate advertisers combined did not grow significantly in 1980—$135.7 million, compared to $130.9 million in 1979. Total six-media spending for associations remained virtually unchanged over the same period—$102.4 million in 1979, $102.9 million in 1980.

Among the 10 leading company advertisers [*Table 3*], American Telephone & Telegraph Co. leads the pack, followed by General Motors Corp., which held the top position in 1979. Atlantic Richfield Co. jumped to third place in 1980 from 10th place in 1979, but did not make the January-June 1981 list [*Table 5*]. Exxon Corp. moved up to fourth in 1980 from ninth in 1979, and holds second place in January-June 1981.

International Telephone & Telegraph Corp., eighth last year, did not appear on the 1979 list and is ranked ninth in January-June 1981. E.I. Du Pont De Nemours & Co., ninth in 1980, held fifth place the previous year and takes the number four slot in January-June 1981. McDonnell Douglas Corp., not among the top 10 in 1979 or in January-June 1981, was 10th in 1980.

Shell Oil Co., Texaco Inc. and General Electric Co., fifth, sixth and seventh respectively in 1980, did not change positions significantly from the 1979 line-up.

Company advertisers for January-June 1981 include four newcomers. Sears, Roebuck & Co., Phillips Petroleum, and Mobil Corp. did not appear among the top 10 in 1979 or in 1980; General Telephone & Electronics Corp., not on the 1980 list, was eighth in 1979.

Among the top 10 association advertisers [*Table 4*], General Motors Corp. Dealer Association held first place in 1979 and 1980, and maintains that position in the first half of 1981 [*Table 6*]. Florida Citrus Commission, third in 1979, moved to second in 1980 and in January-June 1981. American Dairy Association dropped to third place in 1980 from second in 1979, and is fourth in the first half of 1981.

Ford Motor Co. Dealer Associations has held fourth place for the past two years and shows fifth in January-June 1981. Slot five in 1980 belonged to the Commonwealth of Puerto Rico, up from ninth place in 1979. Puerto Rico moved back to ninth place in January-June 1981. California Milk Producers Advisory Board does not appear on the first half of the 1981 list, but was the sixth largest spender in 1980, up from eighth in 1979.

Toyota Motor Co., Ltd. Dealer Associations' position has been fairly consistent: sixth in 1979, seventh in 1980, and sixth in the first half of 1981. Blue Cross & Blue Shield Associations was seventh in 1979, moved to eighth in 1980, and is eighth in January-June 1981.

Two associations are new to the 1980 list: American Gas Association, Inc., in ninth place, and Cotton, Inc., in tenth place. AGA holds seventh place in the first half of 1981, but Cotton, Inc. is absent from the list.

Nissan Motor Co. Ltd. takes the third spot in January-June 1981, and did not appear in the 1980 line-up. California-Oregon-Washington Dairyman Association, filling the number 10 slot in January-June 1981, is a newcomer to the top ten. [*See tables on pages 40-42.*]

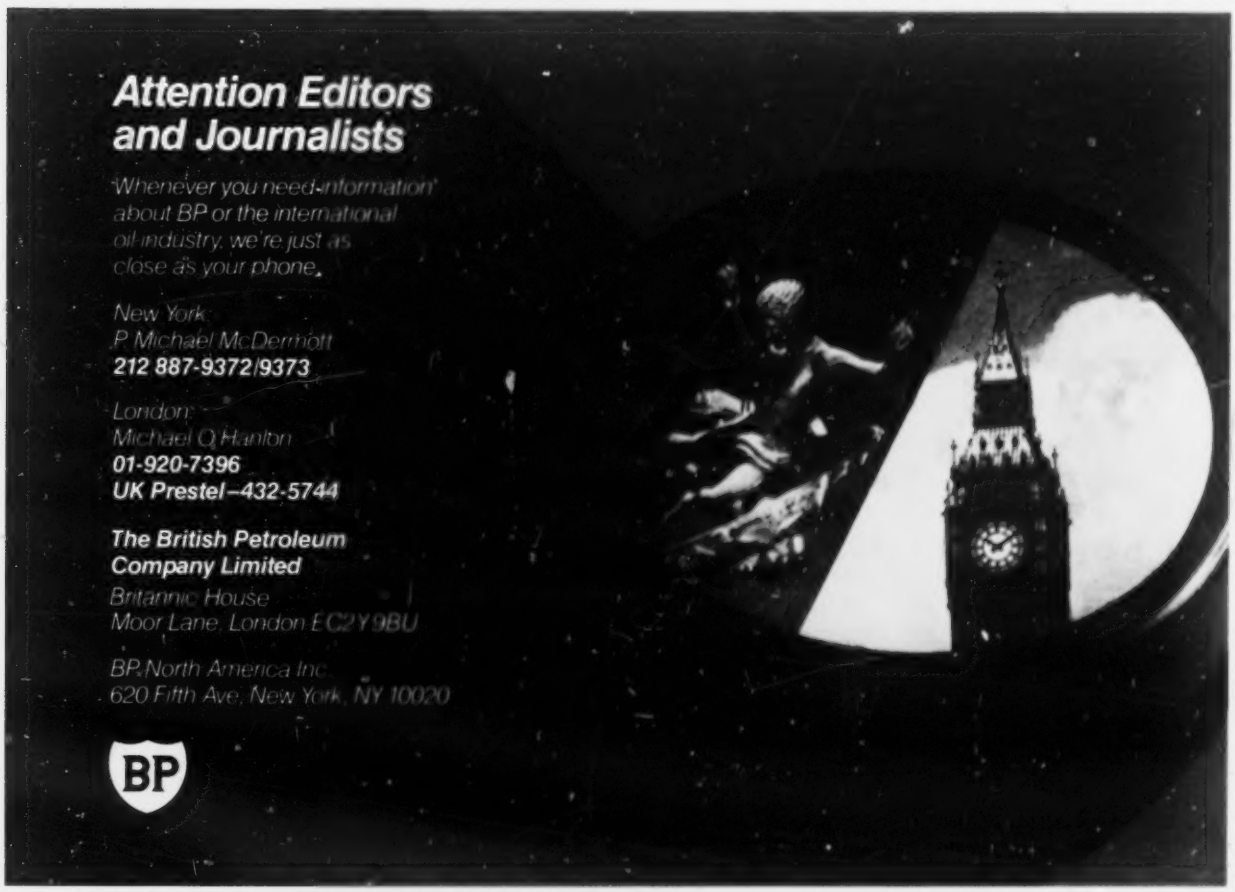


Table 1: Six-Media Advertising Expenditures, 1974-1980

Company Advertising (in $ thousands)

	1974	1975	Percent Change	1976	Percent Change	1977	Percent Change	1978	Percent Change	1979	Percent Change	1980	Percent Change
Consumer magazines	$102,231.0	$88,961.0	(13.0%)	$115,750.4	30.1%	$133,362.6	15.2%	$155,025.4	16.2%	$197,641.5	27.5%	$217,869.7	10.2%
Sunday magazines	719.4	735.7	2.2%	6,256.7	750.4%	5,750.6	(8.1%)	3,908.7	(32.0%)	6,152.5	57.4%	4,310.3	(30.0%)
Network television	78,903.8	72,485.1	(8.1%)	104,971.7	44.8%	125,157.8	19.2%	138,214.0	10.4%	152,551.3	10.4%	159,947.3	5.0%
Spot television	40,708.0	46,337.4	13.8%	63,697.9	37.5%	61,420.4	(3.6%)	31,903.3	(48.1%)	31,366.7	(1.7%)	39,260.1	25.1%
Radio	611.2	900.5	47.3%	1,236.6	37.3%	2,897.5	134.3%	1,210.9	(58.2%)	5,700.0	370.7%	7,409.7	30.0%
Outdoor	1,462.8	710.9	(39.0%)	811.6	14.2%	679.1	(16.3%)	454.0	(33.1%)	452.8	(.3%)	470.7	3.9%
Six-media totals	**$221,336.2**	**$210,130.6**	**(6.3%)**	**$292,724.9**	**39.3%**	**$329,268.0**	**12.5%**	**$330,716.3**	**0.4%**	**$393,864.8**	**19.1%**	**$429,267.8**	**9.0%**

Association Advertising (in $ thousands)

	1974	1975	Percent Change	1976	Percent Change	1977	Percent Change	1978	Percent Change	1979	Percent Change	1980	Percent Change
Consumer magazines	$21,174.7	$22,110.4	4.4%	$22,490.9	1.7%	$25,561.3	13.7%	$32,575.8	27.4%	$45,919.5	41.0%	$ 48,359.6	5.3%
Sunday magazines	2,060.8	1,579.7	(23.3%)	729.0	(53.9%)	1,282.0	77.2%	913.3	(29.3%)	2,396.5	162.4%	2,540.8	6.0%
Network television	20,441.3	26,320.8	29.0%	33,763.2	28.3%	36,886.1	9.2%	33,951.6	(7.9%)	33,164.3	(2.3%)	48,941.0	47.6%
Spot television	37,236.5	40,474.3	8.7%	56,427.7	39.4%	75,702.2	34.2%	86,280.1	13.9%	99,240.9	15.0%	89,511.8	(10.0%)
Radio	1,899.5	1,740.1	(8.4%)	1,171.4	(32.7%)	1,129.9	(3.5%)	1,409.4	24.7%	2,332.5	65.5%	4,996.8	114.2%
Outdoor	4,670.1	2,996.6	(35.8%)	3,135.3	4.6%	4,514.6	43.9%	4,960.5	9.9%	4,204.9	(15.2%)	3,878.2	(8.0%)
Six-media totals	**$87,482.9**	**$95,221.9**	**(8.8%)**	**$117,717.5**	**23.6%**	**$145,086.1**	**23.2%**	**$160,090.7**	**10.3%**	**$187,258.6**	**17%**	**$198,228.2**	**6.0%**

Table 2: Six-Media Advertising Expenditures, January-June 1981

Company Advertising (in $ thousands)		Association Advertising (in $ thousands)	
Consumer magazines	$119,908.4	Consumer magazines	$23,675.5
Sunday magazines	2,692.8	Sunday magazines	779.5
Network television	52,219.7	Network television	21,164.5
Spot television	19,392.3	Spot television	53,200.9
Radio	4,387.8	Radio	3,078.7
Outdoor	344.2	Outdoor	2,395.4
Six-media totals	**$198,945.2**	**Six-media totals**	**$104,294.5**

Table 3: Ten Leading Company Advertisers

January - December 1980—In dollar (thousands) rank order

	Six-Media Totals	Consumer Magazines	Sunday Magazines	Network TV	Spot TV	Radio	Outdoor
American Telephone & Telegraph Co.	$ 30,887.0	$11,061.5	$ 4.8	$18,361.0	$1,459.7	—	—
General Motors Corp.	29,267.6	11,678.4	350.0	16,735.7	75.6	$398.4	$29.5
Atlantic Richfield Co.	12,838.4	3,911.9	227.3	7,924.9	774.3	—	—
Exxon Corp.	11,130.2	600.4	—	9,590.8	630.0	309.0	—
Shell Oil Co.	10,222.0	3,715.0	—	6,417.0	90.0	—	—
Texaco Inc.	10,157.9	2,786.9	—	7,316.2	54.8	—	—
General Electric Co.	9,937.8	2,067.5	—	7,757.4	112.9	—	—
International Telephone & Telegraph Corp.	7,536.3	2,402.0	—	4,711.9	422.4	—	—
E.I. Du Pont De Nemours & Co., Inc.	6,884.6	13.3	9.2	6,842.1	—	—	20.0
McDonnell Douglas Corp.	6,876.3	2,183.8	—	4,659.8	23.9	—	8.8
Totals	**$135,738.1**	**$40,420.7**	**$591.3**	**$90,316.8**	**$3,643.6**	**$707.4**	**$58.3**

Table 4: Ten Leading Association Advertisers

January - December 1980—In dollar (thousands) rank order

	Six-Media Totals	Consumer Magazines	Sunday Magazines	Network TV	Spot TV	Radio	Outdoor
General Motors Corp. Dealer Associations	$19,380.7	$16.6	—	—	$19,166.6	—	$197.5
Florida Citrus Commission	16,042.2	—	—	$13,725.4	2,316.8	—	—
American Dairy Association	14,317.5	1,623.0	—	2,665.8	9,280.5	$422.5	325.7
Ford Motor Co. Dealer Associations	9,167.0	—	—	—	7,970.8	—	1,196.2
Commonwealth of Puerto Rico	8,171.8	7,978.2	$168.4	—	—	—	25.2
California Milk Producers Advisory Board	8,103.0	344.8	—	1,998.4	5,189.3	—	570.5
Toyota Motor Co. Ltd. Dealer Associations	7,442.6	13.3	—	—	7,322.4	—	106.9
Blue Cross & Blue Shield Associations	7,246.7	2,019.5	—	—	5,226.6	—	.6
American Gas Association, Inc.	6,765.0	4,344.0	—	1,994.0	420.6	—	6.4
Cotton Inc.	6,322.0	—	—	5,834.8	487.2	—	—
Totals	**$102,958.5**	**$16,339.4**	**$168.4**	**$26,218.4**	**$57,380.8**	**$422.5**	**$2,429.0**

Table 5: Ten Leading Company Advertisers

January - June 1981—In dollar (thousands) rank order

	Six-Media Totals	Consumer Magazines	Sunday Magazines	Network TV	Spot TV	Radio	Outdoor
American Telephone & Telegraph Co.	$18,411.6	$8,982.9	—	$8,951.9	$472.2	4.6	—
Exxon Corp.	10,850.4	1,002.1	—	9,596.2	181.5	70.6	—
General Motors Corp.	10,669.0	6,600.3	—	4,052.8	.5	—	$15.4
E.I. Du Pont De Nemours & Co., Inc.	6,336.4	123.8	—	6,209.6	—	—	3.0
Shell Oil Co.	5,381.0	2,391.6	—	2,562.0	283.1	144.3	—
Sears Roebuck & Co.	4,997.4	4,376.5	—	—	616.9	—	4.0
Phillips Petroleum Co.	4,379.0	1,268.0	—	213.3	396.9	2,500.8	—
General Telephone & Electronics Corp.	4,195.6	1,620.6	—	2,474.1	100.9	—	—
International Telephone & Telegraph Corp.	4,026.2	1,174.8	—	2,311.3	435.5	104.6	—
Mobil Corp.	3,845.9	414.7	$1,788.2	—	1,643.0	—	—
Totals	**$73,092.5**	**$27,955.3**	**$1,788.2**	**$36,371.2**	**$4,130.5**	**$2,824.9**	**$22.4**

Table 6: Ten Leading Association Advertisers

January - June 1981—In dollar (thousands) rank order

	Six-Media Totals	Consumer Magazines	Sunday Magazines	Network TV	Spot TV	Radio	Outdoor
General Motors Corp. Dealer Associations	$12,925.6	$7.1	—	—	$12,784.4	—	$134.1
Florida Citrus Commission	7,046.4	—	—	$6,629.3	417.1	—	—
Nissan Motor Co., Ltd. Dealer Associations	5,477.9	—	—	—	5,364.2	—	113.7
American Dairy Association	5,374.5	72.1	—	—	5,139.6	—	162.8
Ford Motor Co. Dealer Associations	4,549.1	—	—	—	3,924.4	—	624.7
Toyota Motor Co., Ltd. Dealer Associations	3,682.1	—	—	—	3,608.0	—	74.1
American Gas Association, Inc.	3,512.3	2,004.5	—	1,395.3	108.8	—	3.7
Blue Cross & Blue Shield Associations	3,294.8	162.0	—	549.8	2,583.0	—	—
Commonwealth Of Puerto Rico	3,258.1	3,150.3	$82.7	—	—	—	25.1
California-Oregon-Washington Dairyman Association	3,254.0	—	—	863.4	2,390.6	—	—
Totals	**$52,374.8**	**$5,396.0**	**$82.7**	**$9,437.8**	**$36,320.1**		**$1,138.2**

NOTE

s Microfiche meets the
lity requirements of the
erican National Standard for
rofiche of Documents
SI PH5.9-1975). However,
ause of imperfections in
document from which it
s made, it contains images
are illegible or difficult to
d. The source document for
microfiche is the best copy
could be obtained prior
lming.

NOTE

ONLY THE FOLLOWING PAGES OF THIS

PUBLICATION HAVE BEEN FILMED

Cover 1, p. 1, 12-15.

PUBLIC RELATIONS JOURNAL

February 1982

-1 A8770-1 3/82

Education And Placement Of Public Relations Practitioners

202007 A62152 Z
JEANNE LONG
SRI ACQUISITIONS EDITOR
CONGRESSIONAL INFORMATICA SERVICE
7101 WISCONSIN AVENUE
WASHINGTON DC 20014

PUBLIC RELATIONS JOURNAL

Serving public relations practitioners and educators and their managements

February 1982/Vol. 38 No. 2

FEATURES

Page 16

12 **Profile of 1980 Graduates** — **Frederick H. Teahan**
Survey shows where they went, what they earned

14 **'Jewel Club' Report** — **Walt Seifert**
Ohio State graduates have diverse jobs, roles

16 **How To Land That First Job** — **Doug Traub**
Valuable advice from four senior professionals

18 **New Approach To 'Breaking In'** — **C.R. Werle**
A different tactic for getting your first job

19 **Education For Public Relations**
Recent studies define status and trends

20 **The Good And Bad In Education**
Comments from practitioners in four fields

22 **The Lost Cause** — **Kenneth Owler Smith**
Why the "business-school" campaign failed

24 **USC's Program For Management** — **Fran Hynds**
Teaching future CEOs to value public relations

24 **Is Restructuring The Answer?** — **Donald Vance**
Another view on the business-school debate

27 **The Outlook For Jobs In 1982** — **Lee Martin**
A mixed bag for the public relations market

28 **The Wrong Side Of The Desk** — **Phillips Fewsmith** *and* **Joan Lockwood Finn**
Interviews: what to expect as pro or beginner

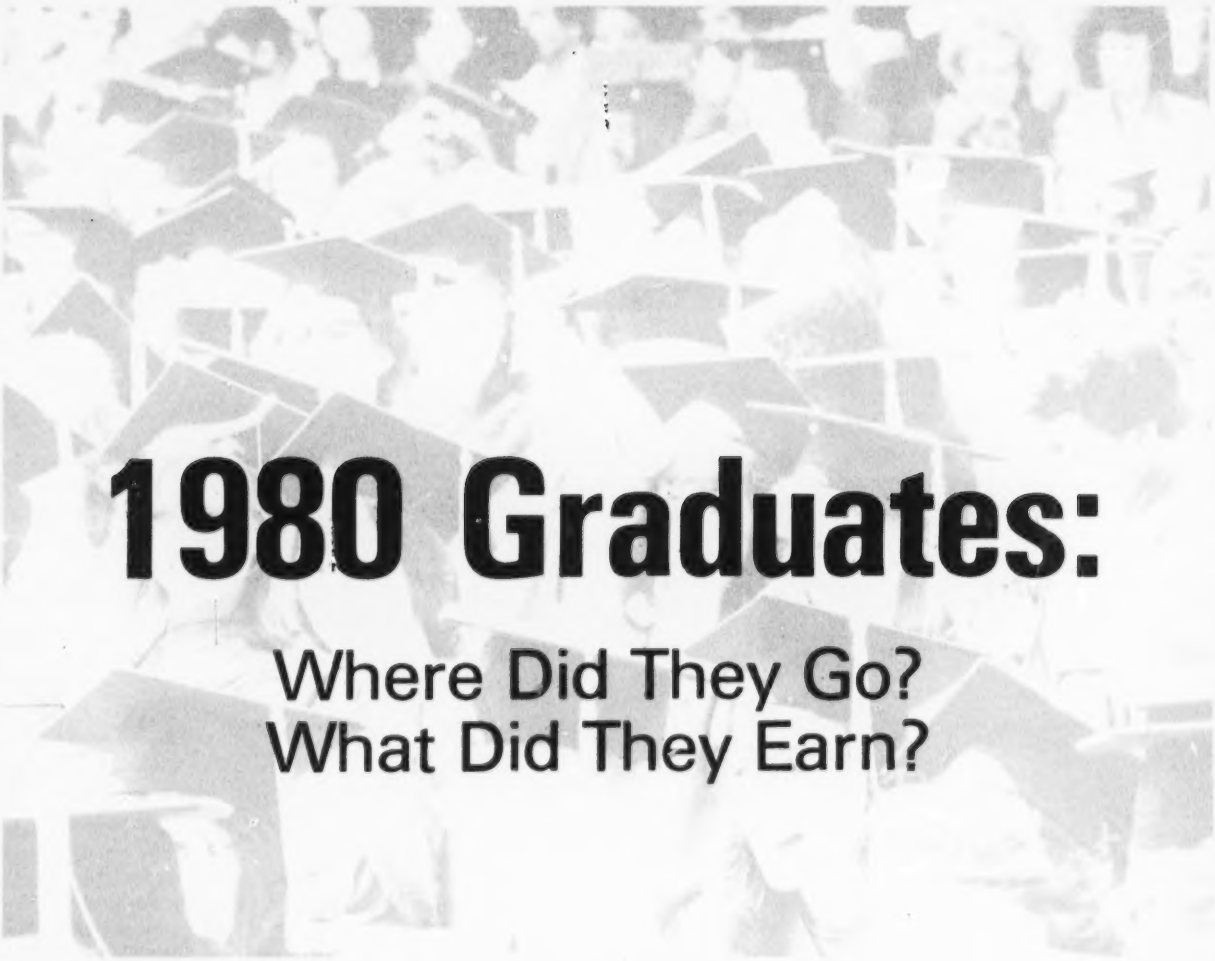
31 **Airline Public Relations** — **Edward Langley**
The critical query: Will it come down to earth?

34 **The Case For Common Sense** — **Carlton E. Spitzer**
Business has the wherewithal to help lead

Departments

Letters		3
Editor's Notebook		4
Washington Focus	Wes Pedersen	6
Environment/Energy	Bruce Harrison	6
Not-For-Profit	Jerry Bergman	8
International	Richard Barovick	10
People		40
Professional Services		37
Classified Advertising		38

Cover photo courtesy of New York University



1980 Graduates:

Where Did They Go? What Did They Earn?

Frederick H. Teahan

A just-completed survey of 1980 public relations graduates reveals significant facts about first-job experiences—including entry-level salaries, how, when and where the first jobs were obtained, value of in-school practical seasoning, and what the former students felt least prepared for academically in their new positions.

The survey shows that while entry-level men still are treated better financially than their female counterparts, the differential has narrowed somewhat in 10 years to a national average of $333 per year.

A similar nationwide survey of newly graduated members of the then four-year-old Public Relations Student Society of America (PRSSA) was conducted 10 years ago and revealed that entry-level men were receiving an average of $2,051 more than entry-level women. [*"Making It In The Seventies," PRJ, May 1972*]. Moreover, at that time, 35 percent of PRSSA members were women. The current survey indicates that the average entry-level salary difference in favor of men was $1,718, and PRSSA records show that nearly three out of four PRSSA members in 1980 were women.

The recent survey profiles 100 respondents (71 percent) who replied to a simple questionnaire mailed in March 1981 to 140 ex-PRSSA new professionals representing 52 colleges and universities.

Nationally, according to the new survey, the average entry-level salary for women holding baccalaureate degrees was $11,999; for men, $13,717. The national average for the six women with master's degrees (all in journalism/communications) was $13,914, or $1,915 more than average for women with BAs. For the two men holding MAs in the same area, the average was $15,600, or $1,883 more than those with the BAs. The highest salary reported by a woman was $22,000, for a governmental position in California. The highest salary for a man was $21,000, with an Arkansas corporation. The lowest woman's salary was in Florida ($7,200), with a not-for-profit organization. For men, the lowest salary was $7,000, with an educational institution in Oklahoma. All held BA degrees.

Table I indicates average entry-level salaries, when more than one was reported, of men and women in 28 states, District of Columbia and New York City (no other New York State placements were reported). While women found jobs in all of these areas except Nebraska, men found them in only 10 states and the District of Columbia. The highest *average* salaries for both men ($16,250) and women ($14,500) were in Washington, DC—with a $1,750 differential in favor of men. In no states, where averaging was possible, did women have the edge on men. The best prospects for women, aside from the national capital,

Dr. Teahan APR, is vice president, education, Public Relations Society of America, and has been executive director of PRSSA since its establishment in 1968.

were in Delaware and California. For men, the best areas, apart from Washington, DC, were Illinois and Ohio although, of all areas, Ohio offered the least difference between male and female salaries—$531 in favor of men.

Table II shows average entry-level salaries by Public Relations Society of America districts. The highest for women was reported in the East Central District, represented by Ohio, Michigan and Indiana: $12,729, or $794 less than men in the same district. The highest for men was in Washington, DC, where all four of the male Mid-Atlantic District respondents located beginning jobs. The second highest paying district for women was the Mid-Atlantic, where 14 received an average of $12,307 in a total of five states (Delaware, Maryland, Pennsylvania, Virginia, West Virginia) and the District of Columbia. No men reported first employment in the North Pacific or Tri-State Districts.

Table III lists the first-job average salaries of men and women according to public relations sector. Although the largest number of newly graduated women were hired by corporations, the most rewarding field was association public relations, offering an average of $13,667. The same is true of men, although in the corporate field they were offered an average of $903 more than women and associations paid them $833 more on the average.

Similar needs and aspirations

Despite the disparity between men's and women's entry salaries, male and female attitudes, needs, aspirations and experiences in the rite of passage from academia to the profession are strikingly similar:

- The average age at which both men and women landed their first public relations job was 23.6 years;
- The major area in which neophytes found their first employment, corporate public relations, claimed more than one-third of male and female respondents;
- The average wait between graduation and the first professional job was one to two months (44 percent men, 45 percent women);
- The majority of graduates gained initial public relations employment in their home state or in one contiguous to it (66 percent men, 84 percent women);

Table I. Average Beginning Salaries By State

Parenthetical figures represent totals of 22 male and 78 female respondents

	Men	Women		Men	Women
AZ	—	$ 9,600 (1)	MN	—	$ 12,750 (2)
AR	$ 21,000 (1)	$ 18,000 (1)	MO	—	$ 10,000 (1)
CA	$ 10,200 (1)	$ 12,906 (9)	NE	$ 12,500 (1)	—
CO	—	$ 9,000 (1)	NY	—	$ 12,167 (3)*
CT	—	$ 10,200 (1)	OH	$ 13,071 (7)	$ 12,540 (5)
DE	—	$ 13,600 (2)	OK	$ 7,000 (1)	$ 10,925 (2)
DC	$ 16,250 (4)	$ 14,500 (2)	OR	—	$ 12,000 (1)
FL	—	$ 12,280 (10)	PA	—	$ 12,016 (6)
GA	$ 11,000 (1)	$ 11,820 (5)	SC	—	$ 9,600 (1)
HI	—	$ 9,600 (1)	TN	$ 12,500 (2)	$ 11,500 (2)
IL	$ 14,350 (2)	$ 12,400 (5)	TX	—	$ 10,926 (4)
IN	—	$ 12,000 (1)	VA	—	$ 12,000 (1)
MD	—	$ 12,000 (1)	WA	—	$ 11,629 (5)
MA	$ 13,200 (1)	$ 12,000 (1)	WV	—	$ 10,000 (2)
MI	$ 16,680 (1)	$ 14,400 (1)	WI	—	$ 12,000 (1)

** All New York City*

Table II. Average Salaries By PRSA District

Parenthetical figures represent number of respondents

	Men	Women
East Central	$ 13,523 (8)	$ 12,729 (7)
Mid-Atlantic	$ 16,250 (4)	$ 12,307 (14)
Midwest	$ 13,733 (3)	$ 12,161 (9)
Northeast	$ 13,200 (1)	$ 11,100 (2)
North Pacific	—	$ 11,691 (6)
Southeast	$ 12,000 (3)	$ 11,917 (18)
South Pacific	$ 10,200 (1)	$ 12,305 (11)
Southwest	$ 14,000 (2)	$ 11,569 (8)
Tri-State	—	$ 12,167 (3)*

**All New York City*

Table III. Average Beginning Salaries By Sector

Parenthetical figures represent number and percentage of 22 male and 78 female respondents

	Men	Women
Corporate	$ 14,110 (8, 36%)	$ 13,207 (27, 35%)
Counseling	$ 14,050 (4, 18%)	$ 10,793 (14, 18%)
Not-for-profit	$ 14,500 (3, 14%)	$ 10,904 (13, 17%)
Association	$ 14,500 (2, 9%)	$ 13,667 (6, 8%)
Government	—	$ 12,476 (6, 8%)
Hospital	$ 13,600 (2, 9%)	$ 11,251 (5, 6%)
Education	$ 11,000 (2, 9%)	$ 11,667 (3, 4%)
Banking	—	$ 11,000 (2, 3%)
Resort	—	$ 12,000 (1, 0.5%)
Broadcasting	—	$ 14,400 (1, 0.5%)
Entertainment	$ 13,000 (1, 0.5%)	—

Table IV. Sources Of First Jobs By Percentage Of Respondents

	Men	Women
Undergraduate Internship Sponsor	22%	22%
Friend's Reference	17%	16%
Personal Mail Campaign	16%	17%
Teacher's Reference	14%	11%
College Placement Office	14%	8%
Classified Advertisement	11%	14%
Employment Agency	3%	9%
"Knocking on Doors"	3%	3%

Table V. Public Relations Functions Professionals Felt Least Prepared For Academically

	Men	Women
Budgeting for PR Programs	30%	32%
Graphics	22%	20%
Print Technology	15%	17%
General Business Practice	20%	23%
Photography	6%	4%
Writing/Editing	5%	2%
Financial Public Relations	2%	—
Fund Raising	—	2%

- In-school internships were experienced by 95 percent of the male respondents and 87 percent of the females;
- The largest percentage [*Table IV*] of both men and women, 22 percent each, were offered their first post-graduate public relations jobs by the firms with which they had served as undergraduate interns;
- The majority of graduates (68 percent men, 45 percent women) intended to pursue graduate degrees, about half of each naming the MBA as their goal;
- In identifying the functions for which they felt *least* prepared for academically [*Table V*], just under one-third of both men and women named budgeting for public relations programs.

Get involved

Asked for advice to seniors, those surveyed were unanimous in the exhortation: "get involved." Mere membership in PRSSA doesn't impress interviewers; accomplishments as a member do. Volunteer for work in PRSA chapters; observe and *listen* to experienced pros. Be professional in attitude, work and conduct. Above all, be confident—"you are *good*"—persevere, but curb pushiness.

The counsel of new professionals was perhaps best summed up by a young woman who found her first job in the North Pacific area: "Get experience while in college. Work for the news bureau, the newspaper, do publicity for different organizations, for different departments (music school, athletic department); work on newsletters for college groups (the alumni association, library friends association); be *active* in PRSSA. Help coordinate programs, serve as an officer or chair a committee. Some positions are paid, some not. But either will pay off later, when job hunting. Get an internship. Many are available in larger metropolitan areas, but smaller cities have opportunities, too. Paid or unpaid, academic credit or not, nothing equals the real-world experience to be gained from an internship. Create one, if possible. Offer work unpaid, one month, three months, six months. No book can ever teach the art of diplomacy with the news media, working under honest-to-gosh deadlines or dealing with printers and designers."

Her final words might be heeded by older job-seekers as well as newcomers: "Maintain a positive attitude. Difficult to do after seven rejections in one day? Stop. Put away the résumés, cover letters, rejections. Take a walk. Go to the beach. Discontinue your search until you have regained that confident, positive attitude. You will find that a prospective employer is just as interested in that as in your résumé." ■

OSU's Gradu

Walt Seifert

In 1935, when I took a master's at the University of Michigan School of Journalism, there was no public relations course. Director John H. Brumm said, "We draw our strongest support from newspapers and wire services. They would scream if we taught public relations."

Times sure have changed. In 1980-81 Professor Paul V. Peterson of our faculty surveyed under a Gannett grant 15,691 journalism majors in 54 U.S. schools. Public relations ranked first among their career choices, followed by advertising, radio/television and newspapers, in that order. Schools like Ohio State reported higher enrollment in public relations than any other sequence [*see also, "Two Surveys," page 19*].

There are many reasons for this development. Some students dislike recent emphasis on adversary reporting. Others worry about proliferation of one-paper cities, the death of large dailies like the *Washington Star*, linkage of independent papers to large national chains, the dominance of television news, unionization of newsrooms and threats of electronic newspaper transmission.

Some do not relish the pressure of daily newspaper deadlines. Others like the creativity of public relations. As one student said, "Journalists *tell* what happens. Public relations people often *make* it happen."

Public relations education usually has centered in journalism schools. The trend today is to ground students in how to research news and features, how to write and edit, how to gain ink and air in the mass media, and graphic arts, such as design, layout, photography, artwork, and production. This special education matches recommendations in the Public Relations Society of America's occupational guides and the wishes of employers.

Those who seek the executive suite are advised to augment their basic courses with graduate studies in administrative science, political science or law after they have started public relations careers. We also urge graduates to join PRSA and its postgraduate programs. (Since 123 of our alumni work in public rela-

tes Tackle Diverse Fields, Functions

tions in Columbus, the local PRSA meetings look like class reunions.)

Last spring we surveyed 142 of our more than 500 graduates now in full-time practice to learn where they work and what they are doing. The objective was to be able to tie our course content tightly to requirements of the profession. As the table below shows, graduates represent diverse areas of public relations.

Where OSU Graduates Work in Public Relations

18%	Counseling firms
13%	General business
9%	Government
8%	Heavy industry
8%	Not-for-profit
7%	Trade associations
5%	Professional associations
5%	Public utilities
4%	Teaching
4%	Hospitals
4%	Agricultural organizations
3%	College/university promotion
2%	Public school promotion
1%	Labor unions
1%	Professional sports promotion
8%	Miscellaneous
100%	

The questionnaire stated 60 typical functions of public relations and asked respondents to check tasks they would do once or more in 1981. The accompanying table shows the results. Since 2,038 functions were checked by the 81 respondents, the average person planned 25 different services during the year.

Functions Respondents Performed Once Or More During 1981

	Total mentions
News Releases	74
Newsletters	69
Booklets, manuals, etc.	67
Still photos	62
Meetings/conventions	62
Professional organizations	61
Special events	58
Factsheets	56
Community relations	54
Magazine articles	52
Graphics	51
Internal house organs	47
Product publicity	46
Slide shows	46
Reprinting articles	44
Merchandising PR program	43
Speech writing	42
Survey research	42
External house organs	42
Crisis PR	41
Audiovisual aids	41
Trade-paper publicity	40
Contest/awards	40
Exhibits	40
Annual reports	38
Corporate identification	37
Direct mail campaigns	37
Public service	37
Wire-service news	35
Policy counseling	35
Institutional ads	34
Trade shows	33
Product or service ads	32
Speaker's bureaus	31
Television and/or radio programs	30
Special campaigns	30
Sales promotion	29
Employee clubs	28
Consumer relations	27
Civic memberships	24
Organization histories	23
Improving correspondence	22
Fund raising	22
Bulletin boards	21
Contribution systems	20
Supplier relations	19
Suggestion systems	17
International PR	16
Lobbying	15
Training executives for broadcast	15
Films (motion pictures)	14
Educator relations	14
Financial community relations	13
Dealer relations	13
PAC programs	12
Shareowner relations	12
Closed-circuit TV/PA	9
Economic education	9
Agricultural relations	9
Labor relations	6

Among the functions respondents added to the list: public relations planning, teaching, preparation of reports, staff supervision, budgeting, speaking and entertaining clients.

The questionnaire also asked respondents to rank their top 10 functions in order. The consensus was: news releases, booklets and manuals, newsletters, meetings and conventions, factsheets, special events, still photos, product publicity, magazine articles, trade-paper publicity.

Survey conclusions

As a result of this survey, and 22 years of teaching public relations preceded by 23 years of professional practice, I have reached these conclusions:

1. Professional public relations is a many-splendored, many-splintered thing. No two practices are exactly alike. Most are richly varied and creative.

2. Graduates now in public relations enjoy what they are doing. (Our 1977 survey showed 93.3 percent considered the profession good, 2.6 percent rated it fair, and 1.3 percent said poor.)

3. The demand for professional public relations keeps expanding as almost all institutions and organizations seek to communicate with their publics.

4. Most undergraduate courses in public relations are giving students the basic skills employers require.

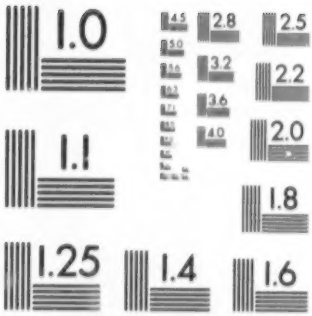
5. Job opportunities continue to be good for graduates who have strong academic records and are supported by professors with wide professional contacts.

6. Public relations students now enjoy unprecedented opportunities to gain practical experience through internships, work on Student Society accounts, and contact with PRSA members at local, district and national meetings. This, with scrapbooks of articles in campus papers, gives them a decided edge when seeking employment.

7. All public relations majors in accredited journalism schools spend three-fourths of their time in liberal arts, including the behavioral sciences. Many take electives in economics, marketing, advertising and business administration.

8. Public relations education is very much alive and doing well. ■

Mr. Seifert, APR, has been a public relations professor at Ohio State University School of Journalism, Columbus, for 22 years.



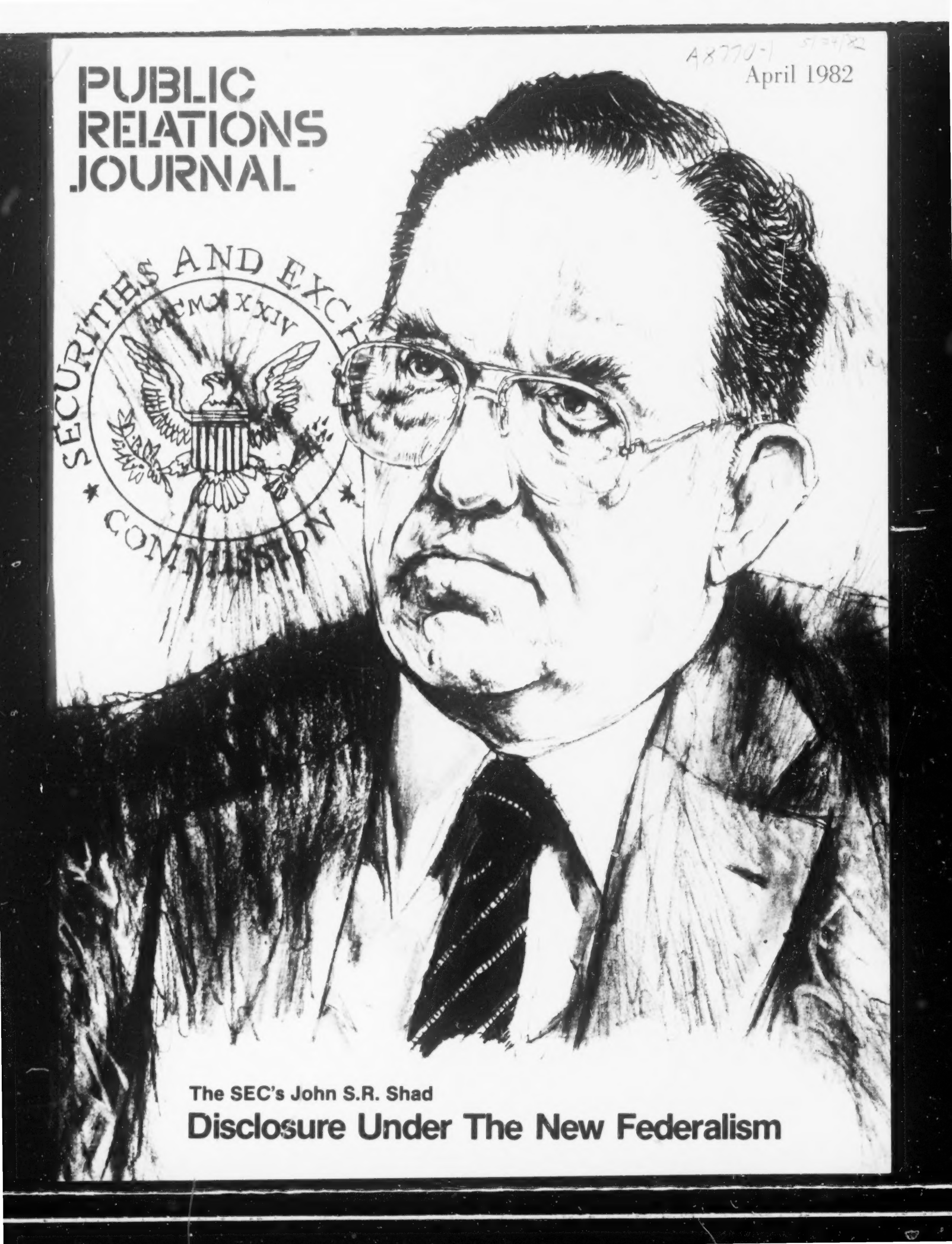
PHOTOGRAPHIC SCIENCES CORPORATION
770 BASKET ROAD
P.O. BOX 338
WEBSTER, NEW YORK 14580
(716) 265-1600

24:1

A8770-1 5/3+/82

April 1982

PUBLIC RELATIONS JOURNAL



The SEC's John S.R. Shad

Disclosure Under The New Federalism

PUBLIC RELATIONS JOURNAL

Serving public relations practitioners and educators and their managements

April 1982/Vol. 38 No. 4

FEATURES

Page 40

12 What Investor Relations Isn't — **William P. Dunk** *and* **G.A. Kraut**
Dispelling the myths can boost IR effectiveness

16 Five Keys To Better IR — **Winthrop C. Neilson** *and* **Douglass M. Barnes**
New IR complexities demand new skills, programs

18 What Analysts Want To Hear — **Gabriel Werba**
Survey results show how you can get on target

22 How To Attract Investors — **Stephen Berg**
The right approach for getting maximum exposure

25 SEC Disclosure Update — **Robert W. Taft**
Reporting requirements and analysis of trends

38 Financial Reporting By Video — **John F. Budd, Jr.** *and* **Bruce Pennington**
It's an effective enticement if used sparingly

40 Financial News On The Tube — **Chuck Epstein**
Business journalism is making a new home in TV

43 Corporate Factsheets — **Gordon G. Andrew**
Among their benefits: speed, impact, cost

46 IR For The New-Issue Company — **Carl R. Thompson**
The unique problems and rewarding challenges

50 Back To Fundamentals — **Walter P. Margulies**
Practitioners as guardians of corporate image

52 The Myths Of Persuasion — **Richard M. Detwiler**
Misconceptions about the persuasion business

DEPARTMENTS

Letters		3
Editor's Notebook		6
Washington Focus	Wes Pedersen	8
International	Richard L. Barovick	8
Not-For-Profit	Jerry Alan Bergman	9
Environment/Energy	E. Bruce Harrison	10
Professional Reader	Frank W. Wylie	10
Controversy: *Independent Counseling at the Crossroad*	Roy J. Leffingwell	55
People		59
Professional Services		56
Classified Advertising		57

What Analysts Want To Hear

Surveys show that most companies ignore analysts' needs and interests, and that analysts have definite preferences for IR content, presentation

Gabriel Werba

Most managements appear to ignore the needs and interests of analysts when "selling" their companies to the financial community. That was one of the findings of our 1974 survey of the Financial Analysts Society of Detroit, and it holds true today.

Recently we resurveyed members of the Society and found that there have been few, but interesting, changes in analysts' preferences and requirements. Survey responses, and a comparison with the results from the earlier study, will help investor relations practitioners zero in on what analysts want to hear and how they want it presented.

The tables that follow show the analysts' preferences and my observations based on responses to the 1981 and 1974 surveys. Items in the tables

Mr. Werba, APR, is executive vice president, Anthony M. Franco, Inc., Detroit, Michigan, and a former stockbroker and financial analyst.

Table 1: How Analysts Rate Components of Company Presentations

(Items were rated on a 5-to-1 scale: 5 = vital; 4 = very important; 3 = important; 2 = not so important; 1 = can be omitted)

	Composite Rating/Ranking	
Very important to vital	**1981**	**1974**
Factors that may affect current and next year's revenues and earnings	4.6 (1)	4.6 (1)
Long-term plans	4.5 (2)	4.1 (5)
Business philosophy of company	4.4 (3)	4.4 (2)
Problem areas and corrective steps being taken	4.3 (4)	4.4 (3)
Industry and company prospects	4.3 (4)	4.1 (4)
Projections	4.0 (6)	3.9 (6)
Important to very important		
Current operations	3.9 (7)	3.7 (7)
Comparisons with competitors	3.8 (8)	3.4 (9)
Factors that affected last year's revenues and earnings	3.7 (9)	3.5 (8)
Background of management	3.4 (10)	3.4 (9)
Not so important		
Summary of company's past growth	2.4 (11)	1.8 (12)
Local operations	1.9 (12)	2.0 (11)

Table 2: Who Should Make Presentations
(Scale: 3 = most preferred, 1 = least preferred)

	Composite Rating/Ranking 1981	1974
CEO, but with other appropriate representatives available for Q&A	2.4 (1)	1.9 (2)
CEO and other appropriate representatives each discussing area of expertise	2.2 (2)	2.9 (1)
CEO only	1.8 (3)	1.6 (3)

Table 3: Type of Personal Invitation
(Scale: 4 = most preferred, 1 = least preferred)

	Composite Rating/Ranking 1981	1974
Letter outlining what will be discussed, what officers will be present	2.5 (1)	2.3 (1)
Note accompanied by complete kit	2.3 (2)	2.1 (2)
Plain invitation	1.5 (3)	1.6 (3)

Table 4: Background Material Preferred
(Scale: 4 = most preferred, 1 = least preferred)

	Composite Rating/Ranking 1981	1974
Latest financial statements	3.4 (1)	3.8 (1)
Company brochure	2.6 (2)	2.8 (2)
Copy of speech	2.4 (3)	2.5 (3)
Other (10-K, factbook)	2.4 (3)	2.3 (4)

are presented in descending order of importance, according to 1981 responses, and each item's rank is indicated in parentheses. The tables also give a composite rating for each item based on the scale indicated for each table.

1. Table 1 findings suggest that analysts want presentations that offer information usually not found in annual reports, but that *complement* the annual report and thus offer a more complete picture of the company.

What kind of information? Information that looks ahead. Analysts want to know every factor that might affect earnings—from management's plans to prospects for the industry as a whole.

This orientation toward the future is evidenced by increased interest in "long-term plans," which jumped to second place in 1981 from fifth in 1974. Note also that interest in "comparisons with competitors" rose one slot in the 1981 survey. This is another item important in estimating future earnings.

2. Analysts definitely like the team approach for presentations [*see table 2*]. This gives them a better feel for the kind of management that leads the company. However, there is a growing appreciation of the impact of the CEO's personality on the company. This is reflected in the 1981 survey: Analysts now prefer to have the CEO handle the entire presentation, with key management personnel on hand to answer questions.

On another aspect of presentations, some 78 percent of respondents to the 1981 survey said they prefer visual presentations to speech presentations, compared with 63 percent in the 1974 survey. Today, any presentation that fails to include visuals limits a company's selling potential. This may seem obvious, but I find it remarkable that so many presentations I attend are straight speeches.

Regarding types of visuals, analysts were asked to rate boards, slides and film. Respondents to the 1981 survey overwhelmingly chose slides (85.7 percent), followed by film (14.3 percent). Boards were preferred by no respondent in 1981, compared with 11.8 percent in 1974.

The disappearance of boards as a preferred visual emphasizes that television's quick-editing techniques have shifted analysts' tastes to more dynamic formats. I would not be surprised if a similar survey in another six years shows film moving up substantially, even ahead of slides, in analysts' preference rankings.

3. Respondents to both surveys were asked to rate usefulness of personal invitations to presentations [*table 3*]. In the 1981 survey, 58.6 percent of analysts did not find them useful, compared with 33.3 percent in 1974. In addition, 78.6 percent of 1981 respondents did not find follow-up phone reminders useful (information that was not available from the 1974 survey).

I suspect that eight years ago analysts were flattered to receive personal invitations to attend company presentations. However, with the growth of splinter analyst groups, of invitation-only, company-held luncheons, and of third-party sponsored meetings, personal invitations have become commonplace and have lost a good deal of their impact.

Table 3 shows that of those who favor personal invitations, a letter outlining agenda and speakers is the preferred form. Analysts want basic information on who will make the presentation and what will be covered, but they do not

Table 5: Receipt of Background Material
(Scale: 4 = most preferred, 1 = least preferred)

	Composite Rating/Ranking 1981	1974
Latest financial statements		
In advance of meeting	3.6 (1)	3.6 (2)
At meeting, available *before* presentation	3.1 (2)	3.6 (1)
At meeting, *after* presentation	1.8 (3)	2.4 (3)
Mailed after meeting	1.1 (4)	1.3 (4)
Company brochure		
In advance of meeting	3.3 (1)	3.2 (2)
At meeting, available *before* presentation	3.2 (2)	3.8 (1)
At meeting, *after* presentation	1.8 (3)	2.5 (3)
Mailed after meeting	1.1 (4)	1.4 (4)
Copy of speech		
At meeting, available *after* presentation	3.2 (1)	2.8 (1)
At meeting, *before* presentation	2.5 (2)	2.3 (3)
Mailed after meeting	2.4 (3)	2.4 (2)
In advance of meeting	1.5 (4)	2.3 (4)
Others (10-K, factbook)		
At meeting, available *before* presentation	3.3 (1)	n.a.
In advance of meeting	3.1 (2)	n.a.
Mailed after meeting	2.2 (2)	n.a.
At meeting, *after* presentation	1.6 (4)	n.a.

want to be inundated with material about a company they may not yet be following.

4. The only surprising finding with respect to the type of background material wanted [*table 4*] is that 10-Ks and factbooks ranked last in both surveys. It should be noted that the Society's mixed membership includes some investment counselors and brokers, which may account for the lower ranking of the more technical and statistical material.

5. Analysts do not want to receive all available information at the same time—at least according to our findings [*table 5*]. Probably, they prefer to limit input to what they can scan at one sitting, and to no more than their current interest in the company warrants.

They seem to prefer receiving the latest financials in advance of the meeting; the company brochure, in advance of the meeting or at the meeting, *before* the presentation; the 10-K and factbook, at the meeting *before* the presentation; and the copy of the speech immediately *after* the presentation.

In addition, there is one aspect of the survey that I found interesting since it contradicts current thinking on the importance of providing stamped return envelopes.

One-third of the Society's membership received the questionnaire and a stamped return envelope; one-third received the questionnaire and a return envelope with no stamp; and one-third received the questionnaire only. We got a 41.4 percent response from those who did not receive a return envelope; 31 percent from those receiving a stamped envelope; and 27.6 percent from participants who received an unstamped envelope.

A few closing words: Keep in mind that you are investing substantial time and money to sell your company to the financial community. Cover all the reasons that make your company superior to its competition; anticipate and answer questions that arise; demonstrate that your company is a good investment.

And sell your company by *how* you say what you have to say: Don't read them a speech—talk with them, be enthusiastic. If you appear not to care, why should they? ■

Guidelines: What Analysts Want

- Make sure your presentation covers the subjects analysts consider vital: your company's long-term plans, its business philosophy, the industry's prospects as well as your company's, factors that may affect future revenues and earnings, and problem areas and corrective steps being taken.
- Do not delegate presentations—at least not the important ones. They should be made by the CEO, backed by other key officers.
- Use slides to liven up the presentation. Make sure that visuals are included in the reprint of the speech.
- Outline what will be discussed, and what officers will be present if you send a personal invitation.
- Consider sending out your company's financial statements in advance of the meeting.
- Have complete kits available at the meeting—the company's latest annual and interim reports, the company's brochure, a factbook if you issue one, advertising and article reprints, possibly the 10-K.
- Distribute reprints of the speech after the presentation.

Consumer
Audience
Public
Relations

Media programs make that extra difference—the staff of Boerner Associates will help your company or agency achieve higher profile in consumer or business press.

For information contact
Hank Boerner, Chief Operating Officer
Boerner Associates
Suite 1414, 205 East 42nd Street New York, N.Y. 10017
Telephone: (212) 682-2736

-1 A8770-1

PUBLIC RELATIONS JOURNAL

May 1982

SRI A QUESTIONS FOR CONGRESSIONAL INFORMATION SERVICE
7101 WISCONSIN AVENUE
WASHINGTON DC 20014

Public Relations Research:
Key To Credibility And Acceptance

PUBLIC RELATIONS JOURNAL

Serving public relations practitioners and educators and their managements

May 1982/Vol. 38 No. 5

FEATURES

Page 12

12 **Demystifying Public Relations** — **Peter Finn**
Communication research can help convince your management of public relations' importance

18 **Spend Your Time A Better Way** — **Gerald S. Nagel**
Content analysis is an easy way to increase your effectiveness and quality of your work

22 **How To Recycle Your Research** — **Charlotte M. Vogel**
Steps for using existing research to cut costs, discipline your efforts, and increase return

24 **The Communication Audit** — **Joseph A. Kopec**
How to do it, what it costs, and why it is essential to your communication program

28 **Measurement: Alive And Well** — **Ray Chapman**
A survey of PRSA's Chicago Chapter reveals strong support for measuring effectiveness

30 **You Can Produce Effective PSAs** — **William D. Novelli**
A systematic, evaluative approach can make health PSAs important sources of information

34 **A New Spirit In The Land** — **J.R. Nowling**
Interest in the American way of life has been reawakened; the impact will be far-reaching

36 **In Search Of Excellence** — **Don Hill**
Setting behavioral goals and measuring results breed excellence in public relations programs

DEPARTMENTS

Letters		3
Editor's Notebook		6
Washington Focus	Wes Pedersen	8
Applied Research	James A. Files	8
Professional Reader	Chester Burger	9
Public Relations Law	Frank Walsh	9
Audiovisual	Dick Hubert	10
People		40
Professional Services		38
Classified Advertising		39

Demystifying Public Relations

Communication research is an effective tool for convincing management that public relations has an important role to play

Peter Finn

There is a growing appreciation of the importance of good public relationships, but many practitioners still don't believe that management fully understands how public relations functions or how essential it is to business. In truth, in today's recession many public relations directors are seeing their budgets and staff among the first to be slashed.

There is, however, a very effective yet underused tool for practitioners who want to demystify public relations for other members of management and save it from cost-cutting oblivion. Communication research can demonstrate that public relations improves the company's bottom line by improving relations with its critical audiences. And as corporations continue to face challenges on product quality, expansion, employment practices, and social responsibility, research will be in even greater demand to produce hard, reliable information to guide policy decisions and communication efforts. At the same time, research can verify the pivotal role public relations plays in effectively answering a corporation's challengers.

Although many communication research techniques are being used, none is yet a standard resource for every public relations director. Research & Forecasts, Inc. conducted a survey among senior communication executives at *Fortune* 1,000 companies to find out why.

Mr. Finn is chairman, Research & Forecasts, Inc., New York, New York.

The study, "The Use of Communications Research," explored who is taking advantage of research and their opinions of its effectiveness in advancing public relations; why others are hesitating to use it, and what practitioners are predicting for the future of public relations research.

Four hundred professionals responded to a quantitative mail and telephone survey and additional public relations directors were interviewed personally in a follow-up survey.

Corporate environment for research

The survey began with an investigation of the environment for public relations at *Fortune*-listed companies and revealed that the corporate climate for public relations is receptive but not unconditionally supportive. A majority of respondents (77 percent) believe that management understands public relations at least moderately well, but 23 percent reported that management has only slight or, in fact, no understanding of public relations. Public relations is perceived as wielding at least some influence on management decision making by 62 percent of the practitioners, but 38 percent believe their departments have only slight or no influence on corporate decision makers. Robert F. Ehinger, APR, vice president for public relations and secretary, Western Electric Company, explained that management is beginning to see the light about public relations because they're finally coming to believe that "communications problems are everyone's problems in the company." Unfortunately, managements that display *complete* understanding of the profession and involve communicators in major decisions are not numerous—18 percent and 11 percent respectively.

Survey participants are nearly equally split between research users (48 percent) and nonusers (52 percent). Those who do use research are inclined to be more optimistic about their relationship with management. Forty-eight percent said management considers public relations *very* important, compared with 28 percent of the nonusers. Research users also tend to be somewhat more confident in dealing with management on the crucial issue of public relations budgets. Forty percent of users believe management is not skeptical of budget requests but only 27 percent of the nonusers agree. Twenty-seven percent of research users said they trust that management will honor every reasonable budget request compared to 15 percent of those who have not used any research.

On the one hand, it seems that a commitment to public relations research is unlikely without corporate commitment to public relations. On the other hand, research itself can dispel doubts that communicators can design programs to overcome scientifically demonstrable problems and can evaluate the success of those programs. The study findings suggest that good research and management's openness to communication, working in tandem, generate a favorable climate for public relations.

A communication tool

Research may be one of the best keys for unlocking barriers between chief executives and public relations departments, but its primary function is far more workaday. G. Burke Wright, vice president, public affairs, United Brands Company, hit the central characteristic of communication research when he said that in his experience the "research results were *extremely useful*—no doubt about it."

A multipurpose tool, communication research is designed to assist practitioners in every stage of their communication operations: planning, implementing and evaluating their programs, or, in fact, becoming the program.

The study confirms that research is indeed doing exactly what it's supposed to do. A large majority of communication

Finn: ". . . communication research is designed to assist practitioners in every stage of their communication operations: planning, implementing and evaluating programs, or becoming the program."

executives—whether they have used research or not—judge it very to moderately useful in accomplishing two important public relations objectives: Ninety-two percent reported that research can give management an accurate, realistic picture of the company as seen by its principal publics; eighty-five percent said research can measure how well a particular communication program is achieving its goals.

Also, half agree that research is useful in stimulating visibility and commendation for a corporation when it is conducted for a publicly released, groundbreaking issue study. An overwhelming 91 percent of the public relations directors believe they can definitely or probably enhance the overall effectiveness of their corporate communication by using formal research [see *table 1*].

If the communicators who had used research voiced any caveats, they were that research can be *completely* satisfactory only if requisite follow-up studies are budgeted and implemented, if management doesn't ignore the research conclusions, and if the research objectives and the meaning of the results are carefully defined.

In many cases, as revealed in the personal interviews, a partnership between management and communication executives can make the real difference between truly worthwhile research and an exercise in data collection. *The New York Times* Company improved its relationships with employees, investors and analysts, according to Leonard R. Harris, director of corporate relations and public affairs, because management paid close attention to the outcome of audits of these groups. "We're a very research-oriented company; management is very much in favor of it," observed Mr. Harris, explaining that the survey results were an impetus for management sessions to discuss company policies with employees and efforts to clarify messages to the financial community by freeing them of trade jargon.

Overall, the communicators responding to the survey clearly were aware that effective research involves a process rather than a single event.

Specific types of research

The term *research* is a broad umbrella covering several types of research formats. One of the most important is the communication audit. Cultivating healthy relationships with a company's key publics is impossible unless you know your audience thoroughly, address their concerns, and couch your message in their language. Planning research is designed to audit the status of a corporate relationship by examining how a principal public regards the corporation,

Table 1: Perceived Benefits of Research

If you believe research can enhance the effectiveness of corporate communications, how useful do you think research is in doing the following?

	Very Useful	Moderately Useful	Slightly Useful	Not At All Useful	Number of Respondents
	Percent Responding				
Providing management with a realistic overview of how the company is perceived by its principal publics	49	43	7	1	376
Measuring the degree to which a specific program is meeting its objectives	36	49	13	2	373
Gaining visibility for the company and its concerns by conducting publicly released studies of important issues	19	32	33	16	370

what worries and interests that public, and what the corporation must do to improve the dialogue between itself and them. Using that information as a base, public relations professionals can construct the most appropriate program for building a strong rapport between a specific group and the corporation.

Gerard F. Stoddard, vice president, SCM Corporation, believes that research must be instrumental both in planning *and* evaluating communication programs. A communication program must begin by determining exactly what perceptions the corporation wants to change. "You study them, do a survey, figure out what they are, and conclude for yourself how you want to change them. Then you embark on your program, and let it go a year or two. And you study it again to see if you've made progress. I think any other way is just shooting in the dark."

From results of both the statistical survey and in-depth interviews, it appears that communicators are most concerned with the way their corporations are perceived by two disparate groups: the financial community and employees. Audits among these groups occur much more frequently than among internal management, the press, the local community, or government officials. Some 68 percent of those communicators who have used research have conducted financial relations audits; 63 percent have sponsored employee surveys [*see table 2*].

Many communication directors displayed a ready familiarity not only with the concept but also the techniques of financial and employee relations audits. When the management at Newmont Mining Corporation decided to increase individual shareholders (rather than institutional ones), Frank Ryan, vice president of corporate relations, had to find the best way to reach retail brokers. The company had not dealt extensively with them in the past and did not want to presuppose their level of awareness of Newmont or their reactions to the company.

Mr. Ryan, therefore, initiated a survey of brokers' and analysts' perceptions of Newmont and explored the roles these investment experts play in influencing individuals to buy or sell stock. With this data, Mr. Ryan and his staff created a communication program aimed at capturing brokers' interest. The usefulness of the first audit prompted Newmont's communication executive to schedule periodic follow-up studies to keep their program "on target."

Perhaps in no other area are the communicator's skills as a troubleshooter more in demand than in employee relations. Western Electric's experience demonstrates that the combination of a systematic audit and management action can have a dramatic impact on management-employee relations.

Five years ago, Western Electric's public relations staff and top management began to question whether communication with employees was really as good as it could be. For some time management had depended on informal feedback to assess employee attitudes, and this *ad hoc* approach no longer seemed sufficient. According to Vice President Robert Ehinger, corporate decision makers agreed it was time for an organized professional analysis of how employees perceived management;

Table 2: Types Of Public Relations Research Used

Which of the following types of public relations research have you used or are you planning to use, and which have been useful?

	Have Used			Have Not Used		
	Very Useful	Somewhat Useful	Not Useful	May Use in the Future	Cannot Foresee Using	Number of Respondents
	Percent Responding					
Financial Relations Audit	41	27	0	15	17	150
Employee Relations Audit	41	22	1	22	13	148
Internal Management Audit	22	15	0	28	35	135
Comprehensive Public Relations Audit	21	19	2	32	26	148
Program Impact Evaluation	21	16	1	35	26	146
Public Issue Study	19	12	2	22	45	120
Community Relations Audit	17	18	2	29	34	148
Public Opinion Survey	16	15	3	19	48	143
Press Relations Audit	15	24	2	30	29	143
Future Trends Study	13	15	2	26	44	138
Opinion Leader Identification Research	12	17	2	23	46	147
Data Search and Analysis	10	19	0	19	53	133
Government Relations Audit	9	8	0	32	51	139

Partnership between you and your corporate-level management can make the real difference between exciting, worthwhile research and mere data collection.

how well informed about the company they thought they were; their opinions of the company's "communication environment," and their general attitude toward Western Electric.

The resulting survey involved hourly workers as well as managers from lower- and upper-middle levels. Management found the conclusions from the first survey difficult to believe. They speculated that employee discontent was probably due to a business downturn and when business improved so would employee outlooks on the company. Few communication initiatives were taken that year.

When a repeat survey the next year showed no significant improvement, however, management took direct action based on the research. They began by initiating the Management Forum which brought managers from several levels together with top executives for three-day conferences on critical aspects of Western Electric's operations. Beyond opening lines of communication, several changes in company policies that were recommended by managers attending the Forum were adopted by management.

Management did not stop with *impressions* that the program was effective. A follow-up survey validated statistically the Forum's success in bettering employee relations: participants' attitudes toward the openness of communication within the company and confidence in the company's future improved by as much as 15 percent. With extraordinarily high response rates in 1981 of 80 percent among managers and 60 percent among hourly workers, the employee surveys have become a standard and valued communication tool at Western Electric.

Issues tracking

In addition to the range of communication audits, planning research includes issues tracking, a distinct type of research rapidly becoming indispensable for communicators in their capacities as policy advisors and futures forecasters. In the coming years, issues monitoring may prove to be one of the corporation's strongest defenses against the pressures of special-interest groups, hasty legislation, and inaccurate reporting. Issues tracking is used to identify emergent political, social and economic issues threatening to disrupt the corporation's relationships with its publics, and allows management to evaluate all sides of a question and to formulate a cogent corporate position in response to challenges by single-issue groups.

Issues tracking generally is carried out within two complementary but quite different frameworks. Issue assessment teams, either outside consultants or part of the corporation's staff, use a qualitative approach to investigate an incipient issue that shows strong potential for affecting the corporation's future. The research entails monitoring the growing debate on the issue as it appears in the general and specialty press, seeking out the opinions of experts, and creating as complete a body of knowledge as possible about the issue's current status and likely future developments. All this information then becomes the basis for specific recommendations suggesting appropriate policies and actions for management.

Qualitative issues research can be supplemented and expanded by the use of multi-client surveys. These surveys allow corporations with similar concerns to share the cost and effort of fielding a questionnaire to determine how the general public or a particular group views a critical new issue.

According to the public relations directors interviewed, multi-client surveys often are organized by trade associations for the benefit of their members.

Program evaluations

Public relations program evaluations, in contrast to audits, have been administered by only 38 percent of responding practitioners, according to the survey. Since professional program assessments can give factual evidence of the impact of a communication program, it is odd that so few practitioners have used them. Demonstrating that public relations directly influences consumer and investor choices and thus benefits business operations can, in turn, benefit public relations and the corporation.

Communication executives frequently express the need for career paths that will open the highest corporate positions to public relations professionals. Regular program evaluations can chart a communicator's skill in building programs that satisfy specific business objectives and indicate the communicator's ability to contribute to the bottom line. Simultaneously, program-impact studies can detail how tremendously important public relations is to the corporation's long-term growth. Top corporate managers will learn that minimizing the role of dynamic public relations can endanger the corporation's business.

The study does not provide an explanation for the practitioners' reluctance to initiate evaluations. It is possible, however, to speculate on three reasonable interpretations: (1) Program evaluations require that distinct measurable goals be articulated *before* the program is launched, and such goal setting (and achieving) may appear too elusive to practitioners who previously have not used evaluations, especially to those with ongoing, multiphase programs. (2) Management may block evaluation studies by balking at increasing a public relations program budget in order to cover a post-program evaluation. Or (3), as much as professionals want public relations to be considered a

YOUR WORLD TODAY®

A unique 4½ minute radio feature that has been effectively bringing corporate messages to a nationwide audience for over eight years . . . and doing it at surprising low costs. For a FREE sample cassette and information call/write:

Mr. Leo Cummins
Executive Producer
Your World Today
221 N. LaSalle Street
Chicago, IL 60601
312/332-4076

It is research that will demonstrate that good public relationships are fundamental to profits.

necessity rather than a luxury, they still may be uneasy about volunteering to give up the comfortable vagueness that has surrounded the "art" of public relations within the corporation for the rewards, and possible dangers, of quantifiable accomplishments.

Accountability through program evaluations may become more familiar and more welcomed as practitioners begin to feel increasingly confident about their roles on the management team.

Research becomes the program

The newest use of communication research moves it from its supportive role into the center of a public relations program. Up to this point, our discussion has explored research as a support for primary public relations activities. Formal research intended to gain corporate visibility, however, can itself become a fascinating story that will capture the interest of the general public, leaders in business, government, and academe; and the press. In other words, the research itself becomes the public relations program and the study topic becomes the program theme. Despite the great flexibility of research as a channel for attracting positive recognition to a corporation, this research use apparently is unfamiliar to most practitioners. The study found that only 34 percent of those who have used research have chosen research as a means to gain corporate visibility. More significantly, 48 percent of users and 73 percent of the non-users did not foresee using research for this purpose.

Creating a communication program built around a major study of a national issue is a relatively new concept. Another possible explanation for the finding that few practitioners recognize the value of this approach is that communicators really are not certain of how such a program operates or what strategies are required to generate substantial communication benefits from a research project. Studies conducted by Research & Forecasts to provide themes for integrated corporate communication packages illustrate the adaptability of an issue-oriented program and its effect on the press, public, and opinion shapers.

For example, the management of the Connecticut Mutual Life Insurance Company believed that it was consistent with the company's long record of sensitivity to the quality of life in America to sponsor a study of values for the 1980s. This ambitious program, an unprecedented undertaking, required careful attention to the research design to insure that the study would produce data on as many facets of this core issue as possible. The more dimensions examined the greater the range of media coverage that can be stimulated by a study report.

Over 2,000 individuals cooperated in the nationwide survey by completing an extensive questionnaire. A cross section of the general public was interviewed over the telephone, and a mail survey was conducted among representatives of nine leadership groups, including the military, journalists, clergy, business executives, educators, volunteer association directors, government officials, scientists, and lawyers. Since the survey had been prepared in conjunction with an advisory committee of eminent scholars, the questionnaires probed significant issues that had as yet been unexamined in in-depth national research.

The study discovered that for most Americans their satisfaction with life, their relationships with their families, their community activity, and their judgment of national leaders are forcefully influenced by their level of religious commitment. This information, developed through sophisticated computer analysis of the survey responses, was so startling that the study story became headline news and appeared in newspapers and magazines across the country, in radio and television reports, and in hundreds of requests for the report from business, government, church and educational leaders. The widespread coverage of the study was anticipated by the researchers when the multiple samples were selected. Comparing the perspectives of different groups opens up a range of story angles and

Table 3: Public Relations Research Considered

If you have considered using research in your public relations efforts, which types have you considered?

	Have Considered Using	May Consider Using	Cannot Foresee Using	Number of Respondents
	Percent Responding			
Financial Relations Audit	54	31	15	94
Employee Relations Audit	50	34	16	93
Comprehensive Public Relations Audit	29	22	49	83
Community Relations Audits	24	31	45	88
Public Relations Program Impact Evaluation	23	44	33	88
Press Relations Audit	23	43	34	86
Internal Management Audit	23	30	47	84
Public Opinion Survey	16	22	62	87
Future/Trend Study	14	28	58	83
Opinion Leaders Identification Research	14	28	58	91
Government Relations Audit	7	27	66	83
Public Issues Study	7	20	73	71

communication outlets that would not be accessible to the single-sample study.

Reluctance to use research

To really understand the extensiveness and effectiveness of public relations research, it is important to discover why slightly more than half of *Fortune* 1,000 communication executives do not use it.

Interestingly, those who have *considered* using some type of research tend to agree with actual users on the most useful types. For example, 54 percent have considered financial relations audits, and 50 percent have considered employee relations audits. The next frequently reviewed type of research is the comprehensive public relations audit, which has been considered by 29 percent of respondents [*see table 3*]. Further investigation may determine if this inclination toward financial and employee audits results from the importance of these sectors or from a general familiarity with these formats.

Study results also indicate that many communicators who have not used research are aware of it and interested in it. Of the 45 percent who have considered using research, most stated that external conditions, rather than their own doubts about the usefulness of this communication tool, prevented them from actually implementing it. The conditions cited as "very important" to "moderately important" as barriers to research use were: difficulties in obtaining budget approval (65 percent); management questions about the value of research (53 percent); and too little time (49 percent) [*see table 4*].

Once again, the interface between top management and public relations, which could be enhanced greatly by professional research, interferes with the practitioner's opportunity to use it.

Practitioners do not have personal control over one stumbling block to using research: their level of knowledge of how research works and what its applications are for public relations. Forty-nine percent reported insufficient understanding of research as a deterrent to their using research. Thoughtful decisions on whether research is appropriate for a particular program are not really possible unless public relations professionals (and their managements) are well informed.

Future of research

More than four of every five (82 percent) *Fortune* 1,000 public relations directors believe that the use of communication research in the corporate sector will increase during the next five years. In keeping with their reported preferences in research, the practitioners expect that the greatest growth will be in public relations audits of external (60 percent) and internal (33 percent) audiences. They predicted the second and third growth areas will be public relations impact evaluations (43 percent) and data searches and analysis (52 percent).

Although a larger majority of practitioners expect increased use of research, the study indicates there is a real need for educating public relations professionals about how research functions within communication. A mere 10 percent of study participants described their present knowledge of research as "comprehensive"; 43 percent said their knowledge is only minimal, and 12 percent said they know nothing about research. More significant and hopeful in terms of future trends in using research is that 80 percent of communicators indicated that they want to learn more about research. Close to 80 percent reported they would "probably" or "definitely" like public relations and business publications to run more articles on research.

The willingness to consider the use of research in public relations, and the desire to be more informed about it, forecasts an expanding application of this increasingly valuable tool. As more public relations professionals experiment with different types of research, research will become a ubiquitous method for fortifying the position of public relations within the corporate structure. It is research that will demonstrate that good public relationships, and therefore dynamic public relations, are fundamental to corporate profitability and long-term business operations. ■

Table 4: Reasons For Not Using Research

	Very Important	Moderately Important	Slightly Important	Not At All Important	Number of Respondents
	Percent Responding				
Budget was difficult to obtain	37	28	13	22	182
Management questions the value of research	25	28	21	26	179
We lack time to pursue research possibilities	23	26	21	30	179
We do not have a sufficient understanding of what research can do, the methods used, and the costs	20	29	28	23	182
Because funding for follow-up studies is always in doubt, benchmark research may be rendered useless	18	20	20	42	176
Research is not appropriate to our operations	17	26	29	28	185
Research might indicate the ineffectiveness of public relations activities	2	6	13	79	167
Management is fearful of possible findings	4	6	12	78	172

Measurement: It Is Alive And Well In Chicago

A survey of PRSA chapter members reveals broad support for measuring effectiveness of public relations programs and the use of a variety of tools

Ray Chapman

Corporate management is stepping up pressure on public relations staffs to prove that what they do works.

Management wants facts and statistics to show that our efforts contribute not only to overall organizational effectiveness but also to the bottom line.

And why shouldn't we be accountable? Every other area of the business organization is measured on one scale or another. The old argument that the practice of public relations is abstract and therefore cannot be measured is no longer acceptable.

Some leading practitioners, notably James F. Tirone of AT&T, and Dr. Walter Lindenmann, APR, president of Group Attitudes Corporation (a research subsidiary of Hill and Knowlton), have been busy since the mid-1970s proving that reliable evaluation is not only possible, but a useful and important tool in carrying out successful public relations programs.

Although the idea of measuring public relations has been steadily gaining acceptance, as recently as 1969 no firm ground had been established. Consider this startling comment to researcher Richard E. Pavlik from a vice president of financial relations at a Chicago-based international corporation:

> We've spent money on opinion research teams and we've employed commercial polling firms. In both instances we learned absolutely nothing. We've really tried to find an effective method to measure our public relations efforts, their relationship to cost—the whole ball game—and we honestly haven't gotten anywhere. We think we know how well the job is being done, and how much mileage we are getting for our dollar, but we can't prove it. What the situation boils down to is this: If people are saying nice things about you and your company, if you're getting favorable exposure through the media, if legislation isn't hurting or pressuring you, if your annual report and other company publications are winning awards, and if the minority groups are leaving you alone—then you know, or at least you think you know, that somebody in public relations is doing something right.

That comment piqued my interest and gave me a pregnant topic for my master's thesis. I investigated the state of public relations measurement by a thorough search of the literature, interviewed leading practitioners, and in 1981 conducted a mail survey of the Chicago Chapter of the Public Relations Society of America.

The chapter is composed of professionals at almost every career level representing a broad spectrum of public relations practice—corporate, counseling, trade association, and not-for-profit.

Of 426 questionnaires mailed, I received 207 responses, a return rate of 48.6 percent. Almost 74 percent, incidentally, had 10 to 20 years' experience in public relations.

Table 1: Types Of Measurement Tools Used

	Number Of Respondents	Percent
General feedback	172	83.1
Newspaper clips	157	75.8
Opinion polls/survey	129	62.3
Subjective internal meetings	127	61.4
Broadcast returns	116	56.0
Complaints/criticism	115	55.6
Sales results	89	43.0
Awards	47	22.7
Other*	29	14.0
Change in p/e ratio	27	13.0
Less government regulation	27	13.0
No answer	5	2.4
None	4	1.9

**Includes "Attitude awareness studies," "Fund-raising results," and "Improved public support."*

Table 2: Most Important Measurement Tools

	Number Of Respondents	Percent
Opinion polls/surveys	63	30.4
No answer	37	17.9
General feedback	32	15.5
Subjective internal meetings	25	12.1
Other	17	8.2
Sales results	16	7.7
Newspaper clips	10	4.8
Change in p/e ratio	4	1.9
Broadcast returns	1	0.5
Complaints/criticism	1	0.5
Less government regulation	1	0.5
Awards	0	0.0
None	0	0.0

Results showed that there is widespread support for measuring effectiveness of public relations programs, and general belief that regular application of measurement techniques will benefit the profession.

The degree of support for measurement is indicated by the number of survey respondents who disagreed with statements that measurement is impossible:

- Some 59 percent disagreed that the goals of most public relations programs are too vague to measure accurately.
- Just over 81 percent disagreed that most public relations programs are too small-scale to produce any measurable results.
- Nearly 80 percent disagreed that most public relations programs are too short-term to produce measurable results.
- Slightly more than 52 percent disagreed that measurement is not cost effective.
- Close to 79 percent disagreed that most managements and clients have no interest in meaningful measurement.
- Some 46 percent disagreed that most practitioners fear measurement.

Systems are important

The majority of respondents agreed that instituting systems for measurement will benefit individual practitioners and the profession:

- Close to 54 percent agreed that measurement will aid upward mobility in management.
- Some 85 percent agreed measurement will help improve top management's understanding of public relations.
- Nearly 60 percent agreed measurement will help integrate practitioners into top management.

The majority of respondents (85 percent) said they use internal or external resources, or a combination of both, to measure their efforts. Close to half (46.9 percent) said they measure from 25 percent to more than 75 percent of their programs for effectiveness. Only 12.1 percent said they do not measure programs.

In spite of the availability of more sophisticated procedures, the most-used measurement method, according to the survey, was general feedback (83.1 percent). Other popular measurement tools were newsclips, 75.8 percent; opinion polls/surveys, 62.3 percent; and subjective internal meetings, 61.4 percent [*see table 1*].

When respondents were asked which techniques they considered most important, opinion polls/surveys came out on top with 30.4 percent [*see table 2*]. Results shown in this table indicate that the great majority of respondents use a number of measurement tools and apply them singly or in combination, as appropriate. ■

Mr. Chapman, APR, is a senior writer with Hill and Knowlton, Inc., Chicago. This article is based on his master's thesis, "Measurement Of The Effectiveness Of Public Relations Activities."

Before you pick up the phone...

Pick up your copy of *Who's Who in America 1982-1983*, and get the vital information on the people you need to know.

You'll have complete, personal biographies of:

Leading Journalists
Top Businessmen
Federal Officials
State Legislators
Foreign Diplomats
Prominent Lawyers
Outstanding Educators
Religious Leaders
Writers and Artists

...plus top decision-makers of principal cities, associations and organizations.

Each sketch is a concise resume, including such facts as education, career history, awards, publications, memberships, political affiliations, family names, plus home and office addresses.

Find the most current information available...

before you interview
before you write a letter or news story
before you begin research
before you make a presentation
before you begin fundraising
before you lobby

More than 74,000 profiles introduce you to the people behind the names...more than 13,000 are new to this edition. Put *Who's Who in America 1982-1983* to work for you and benefit from more personalized, accurate and effective communications.

Who's Who in America

"...by far the best single source of current biographical information for the notables in this country."
Bohdan S. Wynar American Reference Books Annual

The 42nd Edition will be published May 1982.
To order the 2-volume set, send $109.50 plus $5 postage and handling to: Marquis Who's Who, Inc. • 200 East Ohio Street • Room 214 • Chicago, Illinois 60611.
Please add state sales tax where applicable.
ISBN 0-8379-0142-1 • Product #030260

Or call toll-free: 800-428-3898

BEST AVAILABLE COPY

August 1982

The Politicizing of the CEO

PUBLIC RELATIONS JOURNAL

8/17/82
A8770-1

JORD
PANA
Behind the ra
a perfect fit
for public relations
and marketing

DGC001 A62152 2
JEANNE LONG
SRI ACQUISITIONS EDITOR
CONGRESSIONAL INFORMATION SERVICE
7101 WISCONSIN AVENUE
WASHINGTON DC 20014

Human-Resource Management

August 1982 Vol. 38 No. 8

PUBLIC RELATIONS JOURNAL

The Public Relations Society of America (PRSA) is an individual-membership professional society of 11,000 public relations practitioners. Its major services to members include programs of Professional Development and Accreditation, an Information Center, publications, tracking of issues of national concern, and promotion of ethical practice through adherence to PRSA's "Code of Professional Standards." PRSA's mission is, "To establish professional and ethical standards in the practice of public relations by uniting and representing those engaged in its pursuit and by gaining acceptance for the profession."

PRSA Public Relations Society of America

EDITOR
Leo J. Northart

MANAGING EDITOR
Peg Dardenne

ASSISTANT EDITOR
Janet Dyer

GRAPHICS DIRECTOR
Susan Yip

TYPOGRAPHER
Alan J. Farb

SUBSCRIPTIONS
Lisa Brown
212-826-1750

ADVERTISING SALES
Harry R. Jeter, Director
845 Third Avenue
New York, NY 10022
212-826-1766

Paul Avena, Classified
212-826-1757

ABC

Published monthly, except semi-monthly in July. Copyright 1982 by the **Public Relations Society of America, Inc.**, 845 Third Ave., New York, NY 10022. **Joseph F. Awad**, APR, president; **Judith S. Begart**, APR, president-elect; **Dwayne Summar**, APR, secretary; **Barbara W. Hunter**, APR, treasurer; **Elisabeth Ann Kovacs**, CAE, executive vice president. Of the amount of dues paid by members of the Society, $12.00 is for a year's subscription to the **Public Relations Journal.** The second issue in July is the **Directory** issue. Second-class postage paid at New York, NY and at additional mailing offices. Non-member domestic subscription rates: $24.00 a year; $46.00 for two years; $67.00 for three years. Foreign rates: $26.00 a year; $50.00 for two years; $73.00 for three years. Single copies $3.00 each. Printed in U.S.A. **Editorial offices:** 845 Third Ave., New York, NY 10022, (212) 826-1757. ISSN: 0033-3670.

Features

Panache at Jordache *By Edward Langley* 14
Behind the razzmatazz, public relations and marketing work together

The Politicizing of the CEO *By James F. Fox, APR* 20
How this emerging trend is affecting the role of communicators

Social Contract Trickle-Down *By S. Prakash Sethi* 25
Line managers must play a key role in the company's social contract

Bridges to Public Trust *By William K. Genthe* 28
Rexnord does it with simple programs that involve business people

Touting Human Resources *By O. Nickerson, et al.* 32
Survey shows few annual reports cover this critical management area

Also In This Issue

Letters 2
Editor's Notebook/*Look what's happened to the Journal!* 3
Washington Focus/*Bullish on issues/Wes Pedersen, APR* 4
Professional Writer/*It's a verbal jungle out there!/Hugh Wells* 5
Consumerism/*Private-sector initiatives/Merrill Rose* 6
Professional Reader/*The key to public trust/S.S. Angrist* 7
Environment/Energy/*Head-on "PR"/Bruce Harrison, APR* 8
Not-For-Profit/*Search for profits/Jerry Alan Bergman, APR* 10
International/*More harmony in foreign policy?/Richard L. Barovick* 11
Profile/*Rex Harlow's "Years of Challenge"/Howard Chase, APR* 12
How To Help Your Lobbyists Win/*Ronald N. Levy* 31
Silver Anvil Case Study/*Cutting complaints/Peg Dardenne* 34
Professional Services 37
Classified Advertising 38
People 39

Cover photo: Jordache principals surrounded by the NFL Houston Oilers' cheerleaders [see page 14].

TOUTING YOUR

Orva O. Nickerson, Fred E. Schuster *and* Robert G. Murdick

Changes in the business environment during the 1970s focused unprecedented attention on the importance of strategic long-range plans, and on effectively managing a company's human resources.

Those environmental changes, including a national recession, increased foreign competition in many of America's traditional markets, and a halt in the steady rise of worker productivity, have led top managements to realize that:

1. In an era of declining productivity, human resources are the organization's most important asset.
2. Cultural changes have bred a new set of values in the American work force.
3. Workers, seeking to satisfy higher-level needs, are showing increasing resistance to authority, and increasing desire for decision-making participation and control over their jobs.

Human-resource management, by integrating productivity incentives, organizational development, worker compensation/rewards, and performance goal setting/measurement programs that complement corporate objectives and strategy, enables workers to contribute fully to the organization.

Is the importance of human-resource management and its connection with profitability reflected in corporate annual reports? In our study, we hoped to answer this question, and to determine the degree to which human-resource management contributes to corporate strategy.

We studied the 1980 annual reports of a random sample of 100 corporations of the 1979 *Fortune* 500 corporations, using 13 parameters for analysis. A corporation was identified as practicing human-resource management if such practice was mentioned by name or described by function.

Table I. Fortune 500 Companies Using Human-Resource Management*

(Based on random sample of 100 corporate annual reports)

Quality Circles	Assessment Centers	Flexible Compensation	Productivity Bonus	Objective/ Performance Appraisal
2	0	0	2	4
Flexitime	**Organizational Development**	**Cooperative Union Relationship**	**Comprehensive Reward System**	
1	8	3	4	
Human-Resource Management	**Participative Management**	**Systematic Human-Resource Management**	**Productivity Commitment**	
7	1	11	49	

*Some companies mentioned in more than one category

The 13 practices studied were:

1. *Quality circles*—informal groups of employees at all levels resolving work-related quality and productivity problems.
2. *Assessment centers*—systematic employee-selection process using standardized behavior evaluation.
3. *Flexible compensation*—allowing employees to tailor individual compensation packages.
4. *Productivity bonus*—incentive program to establish productivity goals and reward employees when goals are met.
5. *Objective/performance appraisal*—system measuring performance against pre-set goals.
6. *Flexitime*—allowing employees to schedule work loads differently from the traditional 40-hour week.
7. *Organizational development*—process to increase the effectiveness of a total organization apart from traditional individual training and development.
8. *Cooperative union relationship*—formal program to promote active cooperation to achieve mutual goals.
9. *Comprehensive reward system*—a mixture of both financial and non-financial rewards.
10. *Human-resource measurement*—periodic formal evaluation.
11. *Participative management*—direct worker consultation and involvement in decision making.
12. *Systematic human-resource management*—comprehensive program supervised by a senior executive reporting directly to the president or chief executive officer.
13. *Productivity commitment*—integration of productivity goals into a corporation's strategic plan.

HUMAN-RESOURCE MANAGEMENT

Results and conclusions

Of the corporations surveyed, 59 percent discussed in their annual reports some use of human-resource management [*see Table I*]. Two categories—assessment centers and flexible compensation—were not mentioned in any of the surveyed reports. Only four categories—organizational development, human-resource measurement, systematic human-resource management, and productivity commitment—registered higher than 5 percent. Forty-one percent had no human resource management programs.

Emphasis on human-resource management apparently is not influenced by organization size, but is distributed about evenly over the entire spectrum of the *Fortune* 500 corporations. It does appear more dominant in manufacturing companies [*see Table II*] and in northeastern or midwestern corporations.

Although the survey indicates 49 percent of the corporations are tackling the problem of productivity, only three—U.S. Gypsum, 3M and LTV (500 ranking respectively 211, 51, and 31) have made productivity the centerpiece of their strategies for the 1980s.

Current publicity suggests that a much higher percentage of companies are including human-resource management in strategic plans than highlight it in their annual reports. Further research to compare the integration of the 13 above practices in corporate strategy with results of this study could reveal a need for better coverage in annual reports. ■

Mr. Nickerson is manager, product support group, Pratt & Whitney, West Palm Beach, Florida, Dr. Schuster is professor of management, Florida Atlantic University, Boca Raton, and Dr. Murdick is professor of management, Florida Atlantic University.

Table II. Human-Resource Management By Industry

Industry Classification*	Quality Circles	Assessment Centers	Flexible Compensation	Productivity Bonus
Manufacturing	1	0	0	2
Transportation, Communication and Utility Services	1	0	0	0
Mining	0	0	0	0

Industry Classification*	Objective/ Performance Appraisal	Flexitime	Organizational Development	Cooperative Union Relationship
Manufacturing	3	0	6	3
Transportation, Communication and Utility Services	1	1	2	0
Mining	0	0	0	0

Industry Classification*	Comprehensive Reward System	Human-Resource Measurement	Participative Management	Systematic Human-Resource Management
Manufacturing	4	4	0	9
Transportation, Communication and Utility Services	0	2	1	1
Mining	0	1	0	1

*Standard Industrial Classification Index as contained in Standard & Poor's Register of Corporations, Directors and Executives